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ABSTRACT

This publication is intended to help postsecondary schools understand FY 1999 draft cohort default rate data. It explains how the Department of Education calculates cohort default rates, the effect of cohort default rates, and how to read the cohort default rate loan record detail reports. Also, it reviews electronic reports available from the Department of Education; explains how to submit draft data challenges and participation rate index challenges; and defines the responsibilities of guaranty agencies. Following an introduction, sections of the report cover general information (cohort default rates, effects of cohort default rates, loan record detail reports, electronic loan record detail reports, and student repayment history reports); information on challenges (draft data challenges, participation rate index challenges); and information for guaranty agencies on challenges (general information, information on monthly status reports, draft data challenges, participation rate index challenges). Appended are guarantor/servicer contracts arranged numerically and alphabetically, extract file layout for electronic loan record detail reports and repayment information, message classes for electronic loan record detail reports, and a request for user comments on the guide. (EV)

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FY 1999

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Draft Cohort Default Rate Guide

For FFEL Program and Direct Loan Program Loans

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Default Management

Published December 2000.

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<http://www.ed.gov>

IFAP Website
Information for Financial Aid Professionals
*Regulation Compilations, Federal
Registers, Reauthorization information,
Dear Partner letters, Training information*
<http://www.ifap.ed.gov>

NSLDS
National Student Loan Data System
<http://www.nslsdfap.ed.gov>
(800) 999-8219

Title IV WAN
Title IV Wide Area Network
(800) 615-1189

Specific Office-Related Information

Student Financial Assistance (SFA)
Customer Service Call Center
csb@ed.gov
(800) 433-7327
<http://www.ed.gov/offices/OSFAP>
<http://www.ifap.ed.gov>

Collections
*Collection of individual defaulted loans
assigned to the Department*
(800) 621-3115
<http://www.nslsdfap.ed.gov>

Partner Services
*Default Coordination Team
Lender and guaranty agency cohort
default rates*
(202) 401-7482
[http://www.ed.gov/offices/OSFAP/
IGAL/index.html](http://www.ed.gov/offices/OSFAP/IGAL/index.html)

Case Management and Oversight
*Certification of eligibility, audit
resolution, financial analysis, program
review, and institutional improvement*
(202) 260-3616

Default Management
*School cohort default rates and cohort
default rate challenges/adjustments/
appeals*
(202) 708-9396
<http://www.ifap.ed.gov>

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Introduction

What is this Guide?

The **Draft Cohort Default Rate Guide** is a publication that the U.S. Department of Education (Department) sends to schools with their draft Federal Family Education Loan (FFEL) Program and William D. Ford Federal Direct Loan (Direct Loan) Program cohort default rate data. The **FY 1999 Draft Cohort Default Rate Guide** (Guide) should be used as a reference tool in understanding the FY 1999 draft cohort default rates and challenge procedures.

The guidance found in this Guide does not supersede or alter any regulatory or statutory requirements that are in effect. If the information in this Guide conflicts with the regulations or statute, the regulations and/or statute that are in effect take precedence.

The Department is working with representatives of schools and other interested parties to revise future publications of the **Cohort Default Rate Guide** to ensure that the information it contains is easy to understand and use. In the future, guidance that has previously been provided in **separate Draft and Official Cohort Default Rate Guides** will be combined and published in a single **Cohort Default Rate Guide**. With the release of subsequent cohort default rates, the Department intends to provide only pages that address changes/additions to the **Cohort Default Rate Guide**.



Note

If you have questions, comments, or suggestions concerning the content, format, and/or structure of this **Draft Cohort Default Rate Guide** that you want us to consider for the revised **Cohort Default Rate Guide**, please fill out and return the "User Comments" worksheet in "Appendix D," or call the Department's Default Management office at (202) 708-6048 and ask to speak to a member of the Guide Team.

Q. How can someone obtain information on other types of cohort default rates published by the Department?

A. For information on guaranty agency and lender cohort default rates, please call (202) 401-7482 or visit the Department's website at <http://www.ed.gov/offices/OSFAP/IGAL/index.html>.

For information on Federal Perkins Loan Program cohort default rates, please call (202) 708-7741.

How is this Guide organized?

The material in this Guide is organized in three main chapters.

- ◆ General Information,
- ◆ Information for Schools on Challenges,
- AND
- ◆ Information for Guaranty Agencies on Challenges

The **General Information** chapter explains how cohort default rates are calculated, the effects of cohort default rates, and how to obtain and read loan record detail reports.

The **Information for Schools on Challenges** chapter includes separate sections on the types of challenges a school may submit after receiving its draft cohort default rate data. Each section provides background information on the challenge processes, identifies the eligibility requirements associated with the challenge, and outlines the submission time frames and procedures. The sections also address the various interactions that occur during the challenge process between schools, guaranty agencies, and the Department. In addition, examples are provided at the end of each section to assist the reader in further understanding the challenge process.

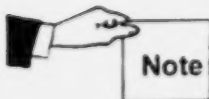
The **Information for Guaranty Agencies on Challenges** chapter provides a general information section that applies to the challenges a school may submit after receiving its draft cohort default rate data. This chapter also addresses guaranty agency reporting requirements. In addition, the chapter includes a separate section on each of the challenges available. Each challenge section within this chapter addresses the procedures for responding to a school's allegations and requests. Examples are provided at the end of the section to assist the reader in further understanding the challenge process.

The Guide also includes several **appendices**. The appendices include contact information for each guaranty agency and the Direct Loan servicer. In addition, the appendices provide technical information on the loan record detail reports discussed in the General Information chapter.

What is the purpose of this Guide?

The purpose of this Guide is to assist schools and other interested parties in:

- ◆ **understanding how the Department calculates cohort default rates** — see the "Cohort Default Rate Calculation" section beginning on page 5;
 - ◆ **understanding the effects of cohort default rates** — see the "Cohort Default Rate Effects" section beginning on page 35;
 - ◆ **understanding how to read the cohort default rate loan record detail report** — see the "Loan Record Detail Report" section beginning on page 37;
 - ◆ **understanding the electronic report associated with cohort default rates and borrower repayment information** — see the "Electronic Loan Record Detail Report" and "Repayment Information" sections beginning on pages 57 and 63, respectively;
 - ◆ **submitting cohort default rate challenges** — see the "Draft Data Challenge" and "Participation Rate Index Challenge" sections beginning on pages 73 and 99, respectively;
- AND
- ◆ **understanding the responsibilities of guaranty agencies with regard to cohort default rate challenges** — see the "General Information for Guaranty Agencies on Challenges" section beginning on page 123.



An electronic version of this Guide is available at <http://www.ifap.ed.gov>.

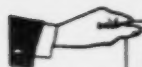
Are the recent cohort default rate regulatory changes reflected in this Guide?

No. The revised cohort default rate regulations published by the Department in the fall of 2000 will not go into effect until July 1, 2001. Therefore, the changes to the cohort default rate process noted in those regulations do not apply to the FY 1999 **draft** cohort default rates and/or the FY 1999 draft challenge processes. The first cohort default rates affected by the changes to the cohort default rate regulations will be the FY 1999 **official** cohort default rates.

Cohort Default Rate Calculation

What is an FFEL Program and Direct Loan Program cohort default rate?

An FFEL Program and Direct Loan Program cohort default rate is the percentage of a school's student borrowers who enter repayment on certain Federal Family Education Loan (FFEL) Program and/or William D. Ford Federal Direct Loan (Direct Loan) Program loans during a particular fiscal year and default within the fiscal year in which the loans entered repayment or within the next fiscal year (FY)¹. The cohort default rate may be an FFEL Program cohort default rate, a Direct Loan Program cohort rate, or a Dual-Program cohort rate depending on the type or types of student loans that are considered in calculating the rate.



Note

A school does not select whether it has an FFEL Program cohort default rate, a Direct Loan Program cohort rate, or a Dual-Program cohort rate. The type of rate is determined on the basis of the types of loans made to students attending the school who enter repayment in a given fiscal year.

An **FFEL Program cohort default rate**² is the cohort default rate for schools whose students have **only** FFEL Program loans entering repayment during a particular fiscal year. It is the percentage of a school's borrowers who enter repayment on certain FFEL Program loans during a particular fiscal year and default within the fiscal year in which the loans entered repayment or within the next fiscal year.

A **Direct Loan Program cohort rate**³ is the cohort rate for schools whose students have **only** Direct Loan Program loans entering repayment during a particular fiscal year. It is the percentage of a school's borrowers who enter repayment on certain Direct Loan Program loans during a particular fiscal year and default or meet **other specified conditions** within the fiscal year in which the loans entered repayment or within the next fiscal year.

¹ For schools with 29 or fewer borrowers entering repayment during a fiscal year, the data is averaged over a three-year period. Please refer to page 16 for additional information on the averaging process.

² 34 CFR Section 668.17(d)

³ 34 CFR Section 668.17(e)

Q. What is a fiscal year?

A. A federal fiscal year begins on October 1 of a calendar year and ends on September 30 of the following calendar year. Each federal fiscal year refers to the calendar year in which it ends.

Q. How are cohort default rates calculated if a school has branch campuses or additional locations?

A. The data from each campus and/or location is combined to calculate a single cohort default rate for the school. The main campus of the school is notified of the cohort default rate.

A **Dual-Program cohort rate**⁴ is the cohort rate for schools whose students have **both** FFEL Program and Direct Loan Program loans entering repayment during a particular fiscal year. It is the percentage of a school's borrowers who enter repayment on certain FFEL Program and Direct Loan Program loans during a particular fiscal year and default or meet **other specified conditions** within the fiscal year in which the loans entered repayment or within the next fiscal year.



The U.S. Department of Education's (Department) regulations use the term "weighted average cohort rate" for cohort default rates for schools with student borrowers who have both FFEL Program and Direct Loan Program loans entering repayment during a fiscal year. This Guide uses the term "Dual-Program cohort rate" to describe the same rate and calculation. In addition, this Guide uses the term "cohort default rate" to refer to a school's FFEL Program cohort default rate, Direct Loan Program cohort rate, or Dual-Program cohort rate, unless otherwise specified.

Q. What is a cohort period?

A. A cohort period is the two-year period associated with a cohort default rate calculation. For example, the cohort period for the FY 1998 cohort default rate calculation is from October 1, 1997 through September 30, 1999.

Other specified conditions: For non-degree granting proprietary schools only, borrowers who have received Direct Loan Program loans are considered to be in default for the purposes of calculating a school's cohort default rate if, for a specified period of time during the cohort period in question, the borrowers are in repayment under the income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan. The period of time that determines whether a borrower will be included as a defaulted borrower due to the borrower's ICR plan is based on which cohort default rate calculation the borrower is included. If the borrower is included in a cohort default rate calculation **prior** to FY 1998, the period of time is 270 days. If the borrower is included in the **FY 1998 or a later** cohort default rate calculation, the period of time is 360 days.⁵

⁴ 34 CFR Section 568.17(f)

⁵ 64 Fed. Reg. 58974-58979 (November 1, 1999) (Preamble to Final Rule)

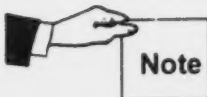
Which types of loans are included in the cohort default rate calculation?

The **FFEL Program loans** included in the cohort default rate calculation are:

- ◆ Subsidized Federal Stafford loans (FFEL Stafford loans);
- ◆ Unsubsidized Federal Stafford loans (FFEL Stafford loans);

AND

- ◆ Federal Supplemental Loans for Students (Federal SLS loans).



Federal SLS loans have not been issued since July 1, 1994. However, it is possible for a Federal SLS loan to be included in a recent cohort default rate calculation if the borrower has recently entered into repayment on the Federal SLS loan.

The **Direct Loan Program loans** included in the cohort default rate calculation are:

- ◆ Federal Direct Subsidized Stafford/Ford loans (Direct Loan Program loans);

AND

- ◆ Federal Direct Unsubsidized Stafford/Ford loans (Direct Loan Program loans).

The following loans are **NOT** included in the cohort default rate calculation:

- ◆ PLUS loans;
- ◆ Federal Direct PLUS loans;
- ◆ Federal Insured Student loans;
- AND
- ◆ Federal Perkins Program loans.



Federal Consolidation loans and Federal Direct Consolidation loans are not counted directly in the cohort default rate calculation. However, the status of a consolidation loan may affect how the loan(s) that was paid off by the consolidation loan is included in the cohort default rate calculation. Please refer to page 24 for more information on how consolidation loans may affect the cohort default rate calculation.

When are cohort default rates released?

The Department releases cohort default rates twice a year. Generally, the Department releases **draft** cohort default rates before the end of March of each year. After schools receive their draft cohort default rate data and are provided an opportunity to identify and correct any inaccuracies, the Department releases the **official** cohort default rates. Official cohort default rates are released to schools and the public approximately six months after the release of the draft cohort default rates BUT must be released no later than September 30th of each year.⁶



Please note that the National Student Loan Data System (NSLDS), which contains the data used to calculate cohort default rates, is regularly updated. Therefore, a school's **draft** data may differ from its **official** data, even if a school does not challenge its draft cohort default rate data.

⁶ HEA Section 435(m)(4)(D)

Who receives cohort default rates?

The **draft** cohort default rates are provided only to schools and are NOT released to the public. The draft cohort default rates are released to all Title IV eligible schools that the Department's records indicate:

- ◆ were participating in the FFEL Program and/or Direct Loan Program on the first day of the fiscal year on which the cohort default rate is based and may or may not have student borrowers who entered into repayment on one or more of the relevant types of loans during the fiscal year on which the cohort default rate is based;
- OR
- ◆ have at one time participated in either loan program and have student borrowers who entered into repayment on one or more of the relevant types of FFEL Program and/or Direct Loan Program loans during the fiscal year on which the cohort default rate is based.

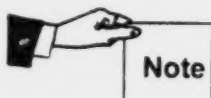
When the Department provides a school with a draft cohort default rate, the school will also receive a copy of the most recent *Draft Cohort Default Rate Guide* and the draft loan record detail report listing all of the student borrowers contained in the school's draft cohort default rate calculation.

The **official** cohort default rates are provided to schools and are released to the public. The official cohort default rates are provided to all schools that:

- ◆ are currently eligible to participate in any of the Title IV Student Financial Assistance Programs and were participating in the FFEL Program and/or Direct Loan Program on the first day of the fiscal year for which the cohort default rate is based and may or may not have student borrowers who entered into repayment on one or more of the relevant types of loans during the fiscal year on which the cohort default rate is based;
- OR

- ◆ are currently eligible to participate in any of the Title IV Student Financial Assistance Programs and have student borrowers who entered into repayment on one or more of the relevant types of FFEL Program and/or Direct Loan Program loans during the fiscal year on which the cohort default rate is based.

When the Department provides a school with an official cohort default rate, the school will also receive a copy of the most recent *Cohort Default Rate Guide*. In addition, if the school's official cohort default rate is ten percent or greater, an official loan record detail report listing all of the student borrowers contained in the school's official cohort default rate calculation will be provided.



Note

The Department is currently working to revise the entire layout of the next version of this Guide to make the Guide a more user-friendly document. With the release of the FY 1999 official cohort default rates, it is the Department's intent to release a *Cohort Default Rate Guide* that will combine the draft and official *Cohort Default Rate Guide* information. With the release of subsequent cohort default rates, the Department intends to provide only pages that address changes/additions to the *Cohort Default Rate Guide*.

The public can request a listing of all of the official cohort default rates in the form of a press package. The press package also contains a listing of those schools that are subject to sanctions as a result of official cohort default rates. For a copy of the most recent press package please call (202) 708-9396 or visit the Department's website at <http://www.ifap.ed.gov>.

Why are cohort default rates important?

The **draft** cohort default rates are important because the data used to calculate the draft cohort default rate forms the basis of a school's official cohort default rate. Although there are no sanctions or consequences associated with a **draft** cohort default rate, it is important to review the data used to calculate the draft cohort default rate to ensure the accuracy of the data. **A school that fails to challenge the accuracy of its draft cohort default rate data through a draft data challenge may be precluded from challenging the accuracy of the data used in calculating its official cohort default rate.** Therefore, it is critical that all schools review their draft cohort default rate data.

Q. What is a draft data challenge?

A. A draft data challenge is the process used by a school to correct cohort default rate data before the official cohort default rates are calculated.

Please refer to the "Draft Data Challenge" section beginning on page 73 for additional information on draft data challenges.

Please refer to the "Draft Data Challenge" section beginning on page 73 for more information on challenging a school's draft cohort default rate data.

In addition, because in certain circumstances a school may be able to avoid the consequences associated with its official cohort default rates by submitting a successful participation rate index challenge based on its cohort default rate, the school should review its enrollment data in relation to its cohort default rate to determine if it qualifies to submit a participation rate index challenge.

Please refer to the "Participation Rate Index Challenge" section beginning on page 99 for more information on submitting a participation rate index challenge.

The **official** cohort default rates are important because they may affect a school's eligibility to participate in certain Title IV Student Financial Assistance Programs and because the Department may take administrative actions against a school on the basis of its official cohort default rate(s). In addition, official cohort default rates below certain thresholds may qualify a school for certain benefits associated with the disbursement of loan program funds.

The revised cohort default rate regulations published by the Department in the fall of 2000 will not go into effect until July 1, 2001. Therefore, the changes to the cohort default rate process noted in those regulations do not apply to the FY 1999 **draft** cohort default rates and/or the FY 1999 draft challenge processes. The first cohort default rates affected by the changes to the cohort default rate regulations will be the FY 1999 **official** cohort default rates.

A copy of the final rule outlining the changes to the cohort default rate regulations can be obtained at <http://www.ifap.ed.gov>. More information on the consequences associated with official cohort default rates will be provided in the *Cohort Default Rate Guide* that will be sent with a school's FY 1999 official cohort default rates.

Q. What is a participation rate index challenge?

A. A participation rate index challenge is a challenge submitted by a school after the release of the draft cohort default rates that demonstrates that the school has a relatively low level of borrower participation in the loan programs when compared to the school's cohort default rate.

Please refer to the "Participation Rate Index Challenge" section beginning on page 99 for additional information on participation rate index challenges.

What are the time frames of a cohort default rate?

The time frames for a cohort default rate are based on federal fiscal years. Federal fiscal years begin on October 1 of a calendar year and end on September 30 of the following calendar year.⁷

Except for schools with 29 or fewer borrowers entering repayment, the cohort default rate is based on the number of borrowers who **entered repayment in a single fiscal year** (the denominator of the cohort default rate calculation), and of those borrowers, the number of borrowers who **defaulted or met other specified conditions before the end of the next fiscal year** (the numerator of the cohort default rate calculation).⁸ The cohort default rate for FY 1999 is based on the number of borrowers who entered repayment in **FY 1999**, and of those borrowers, the number who defaulted or met other specified conditions in **FY 1999** or **FY 2000**. Therefore, the borrowers who entered repayment from October 1, 1998, through September 30, 1999, are included in the denominator of the FY 1999 cohort default rate calculation. Of those borrowers in the denominator of the cohort default rate calculation, the borrowers who defaulted or met other specified conditions from October 1, 1998, through September 30, 2000, are included in the numerator of the FY 1999 cohort default rate calculation.

Please refer to the chart on the next page for a listing of the time frames associated with seven relevant cohort default rate calculations.

⁷ 34 CFR Section 668.17(d)(2)

⁸ 34 CFR Section 668.17(d), (e), and (f)

Cohort Default Rate Time Frames		
Fiscal Year	Borrowers Included in the Cohort Default Rate Calculation⁹	Period of Time
FY 1995	Borrowers who entered repayment on their loans in FY 1995 and defaulted in FY 1995 or FY 1996 Borrowers who entered repayment on their loans in FY 1995	<u>10/1/94 to 9/30/96</u> 10/1/94 to 9/30/95
FY 1996	Borrowers who entered repayment on their loans in FY 1996 and defaulted in FY 1996 or FY 1997 Borrowers who entered repayment on their loans in FY 1996	<u>10/1/95 to 9/30/97</u> 10/1/95 to 9/30/96
FY 1997	Borrowers who entered repayment on their loans in FY 1997 and defaulted in FY 1997 or FY 1998 Borrowers who entered repayment on their loans in FY 1997	<u>10/1/96 to 9/30/98</u> 10/1/96 to 9/30/97
FY 1998	Borrowers who entered repayment on their loans in FY 1998 and defaulted in FY 1998 or FY 1999 Borrowers who entered repayment on their loans in FY 1998	<u>10/1/97 to 9/30/99</u> 10/1/97 to 9/30/98
FY 1999	Borrowers who entered repayment on their loans in FY 1999 and defaulted in FY 1999 or FY 2000 Borrowers who entered repayment on their loans in FY 1999	<u>10/1/98 to 9/30/00</u> 10/1/98 to 9/30/99
FY 2000	Borrowers who entered repayment on their loans in FY 2000 and defaulted in FY 2000 or FY 2001 Borrowers who entered repayment on their loans in FY 2000	<u>10/1/99 to 9/30/01</u> 10/1/99 to 9/30/00
FY 2001	Borrowers who entered repayment on their loans in FY 2001 and defaulted in FY 2001 or FY 2002 Borrowers who entered repayment on their loans in FY 2001	<u>10/1/00 to 9/30/02</u> 10/1/00 to 9/30/01

⁹ For non-degree granting proprietary schools only, borrowers who have received Direct Loan Program loans are considered to be in default for purposes of calculating a school's cohort default rate if, for a specified period of time within the cohort period in question, the students are in repayment under the income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan. Please refer to page 6 for an explanation regarding the period of time the borrower must be in an ICR plan prior to being treated as a defaulted borrower.

How does the Department calculate a school's cohort default rate?

The formula the Department uses for calculating a school's cohort default rate depends on the number of student borrowers from that school entering repayment in a particular fiscal year and the number of cohort default rates previously calculated for the school.

The three types of formulas used to calculate a school's cohort default rate are:

- ◆ **Non-Average Rate Calculation** — for a school with **30 or more borrowers** entering repayment during a fiscal year — (see page 15);
 - ◆ **Average Rate Calculation** — for a school with **29 or fewer borrowers** entering repayment during a fiscal year that had a cohort default rate calculated for the two previous fiscal years — (see pages 16 and 17);
- AND
- ◆ **Unofficial Rate Calculation** — for a school with **29 or fewer borrowers** entering repayment during a fiscal year that did not have a cohort default rate calculated for either or both of the two previous fiscal years — (see pages 18 and 19).

The formulas and sample calculations are shown on the next five pages.

Non-Average Rate Calculation:

For a school with 30 or more borrowers entering repayment during FY 1999, a non-average rate is calculated.¹⁰ The FY 1999 **non-average cohort default rate** is calculated as follows:

100	X	the number of borrowers who entered repayment in FY 1999 and defaulted or met other specified conditions in FY 1999 or FY 2000 (Numerator) the number of borrowers who entered repayment in FY 1999 (Denominator)
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Note

Other specified conditions: For non-degree granting proprietary schools only, borrowers who have received Direct Loan Program loans are considered to be in default for the purposes of calculating a school's cohort default rate if, for a specified period of time during the cohort period in question, the borrowers are in repayment under the income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan. Please refer to page 6 for an explanation regarding the period of time the borrower must be in an ICR plan prior to being treated as a defaulted borrower.

Non-Average Rate Example:

School A, a degree-granting school, certified 117 loans for **90 borrowers** that entered repayment in FY 1999 (denominator). Of those borrowers, **8 borrowers** defaulted on a total of 16 loans in FY 1999 or FY 2000 (numerator). School A's cohort default rate is calculated by dividing 8 by 90 and multiplying the result by 100 to produce a **non-average cohort default rate** of 8.9 percent.

100	X	8 90	=	8.9%
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Q. Are cohort default rates based on the number of loans that enter repayment or the number of borrowers who enter repayment?

A. Cohort default rates are based on the number of unduplicated borrowers who enter repayment.

¹⁰ 34 CFR Section 668.17(d), (e), and (f)

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Average Rate Calculation:

For a school with **29 or fewer borrowers** entering repayment during FY 1999 that had an official cohort default rate calculated for FY 1997 and FY 1998, the Department calculates an **average cohort default rate** for the **official** cohort default rates.¹¹ The FY 1999 average cohort default rate is calculated as follows:

100	X	the total number of borrowers who entered repayment in FY 1997, FY 1998, and FY 1999 and defaulted or met other specified conditions before the end of the fiscal year immediately following the fiscal year in which the loan entered repayment (Numerator)
		the total number of borrowers who entered repayment in FY 1997, FY 1998, and FY 1999 (Denominator)



Other specified conditions: For non-degree granting proprietary schools only, borrowers who have received Direct Loan Program loans are considered to be in default for the purposes of calculating a school's cohort default rate if, for a specified period of time during the cohort period in question, the borrowers are in repayment under the income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan. Please refer to page 6 for an explanation regarding the period of time the borrower must be in an ICR plan prior to being treated as a defaulted borrower.

The Department does not calculate draft average cohort default rates. Draft cohort default rates are based on one year of data, even if the official cohort default rate will be an average rate. To calculate a school's FY 1999 average cohort default rate using the draft data, the school should refer to its official FY 1997 and FY 1998 notification letters (or if the school submitted an official adjustment and/or appeal, its appeal determination letters from the Department) to obtain the numerator and denominator for FY 1997 and FY 1998.

The following page provides an example of an average cohort default rate.

¹¹ 34 CFR Section 668 17(d), (e), and (f)

Average Rate Example:

School B, a degree-granting school, certified loans for the following students: 50 borrowers who entered repayment in FY 1997, 44 borrowers who entered repayment in FY 1998, and 29 borrowers who entered repayment in FY 1999 (50+44+29=123, which represents the denominator). Of those 123 borrowers, 2 of the borrowers who entered repayment in FY 1997 defaulted in FY 1997 or FY 1998; 6 of the borrowers who entered repayment in FY 1998 defaulted in FY 1998 or FY 1999; and 4 of the borrowers who entered repayment in FY 1999 defaulted in FY 1999 or FY 2000 (2+6+4=12, which represents the numerator). School B's average cohort default rate is calculated by dividing 12 by 123 and multiplying the result by 100 to produce an **average cohort default rate** of 9.8 percent.

$$\boxed{100} \times \frac{\boxed{2} + \boxed{6} + \boxed{4} = \boxed{12}}{\boxed{50} + \boxed{44} + \boxed{29} = \boxed{123}} = \boxed{9.8\%}$$

FY 1997 FY 1998 FY 1999

Unofficial Rate Calculation:

For a school with **29 or fewer borrowers** entering repayment during FY 1999 that **did not have a cohort default rate calculated for FY 1997 and/or FY 1998**, the Department calculates an **unofficial cohort default rate**. The FY 1999 unofficial cohort default rate is calculated as follows:

100	X	the number of borrowers who entered repayment in FY 1999 and defaulted or met other specified conditions in FY 1999 or FY 2000 (Numerator)
		the number of borrowers who entered repayment in FY 1999 (Denominator)



Note **Other specified conditions:** For non-degree granting proprietary schools only, borrowers who have received Direct Loan Program loans are considered to be in default for the purposes of calculating a school's cohort default rate if, for a specified period of time during the cohort period in question, the borrowers are in repayment under the income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan. Please refer to page 6 for an explanation regarding the period of time the borrower must be in an ICR plan prior to being treated as a defaulted borrower.



Draft cohort default rates are only based on one year of data, even if a school has 29 or fewer borrowers entering repayment.

The following page provides an example of an unofficial cohort default rate.

Unofficial Rate Example:

School C, a degree-granting school that began participating in the FFEL Program on October 1, 1998 (i.e., the beginning of FY 1999), certified loans for 21 borrowers who entered repayment in FY 1999. Of those 21 borrowers, 2 of the borrowers who entered repayment in FY 1999 defaulted in FY 1999 or FY 2000. Because School C has 29 or fewer borrowers who entered repayment in FY 1999, a non-average rate calculation cannot be calculated for the school. However, because the school had not started participating in the FFEL Program on the first day of FY 1998 (i.e., October 1, 1997) and as a result did not have a cohort default rate calculated for FY 1998, School C does not have two previous rates with which to average its current year data. Therefore, School C's cohort default rate is calculated based on one year of data by dividing 2 by 21 and multiplying the result by 100 to produce an **unofficial cohort default rate** of 9.5 percent.

$$\boxed{100} \times \frac{\boxed{2}}{\boxed{21}} = \boxed{9.5\%}$$

**Note**

Since an unofficial cohort default rate does not meet the statutory definition of a cohort default rate, it cannot be used to determine sanctions or benefits when the official cohort default rates are released.

How does the Department determine which loans are placed in the denominator of the calculation?

Q. When will a borrower enter repayment if the borrower re-enrolls in an eligible school prior to the expiration of the borrower's grace period?

A. If a school provides timely notification that the borrower re-enrolled, the borrower will not enter repayment until the borrower has received six consecutive months of an uninterrupted grace period.

Loans are included in the denominator of the cohort default rate calculation based on when the loans entered repayment. Except for an average cohort default rate calculation, loans included in the denominator of the FY 1999 cohort default rate calculation are the relevant FFEL Program and Direct Loan Program loans that entered repayment during FY 1999 (i.e., from October 1, 1998 through September 30, 1999).

Different loan types enter repayment under different rules.

FFEL Program Stafford loans enter repayment on the day following six months of an uninterrupted grace period after a student drops below at least half-time enrollment PROVIDED that the school timely notified the lender and/or guaranty agency of the student's change in enrollment status. If the school does not timely notify the lender and/or guaranty agency of a student's change in enrollment status, the lender will use the best information available to determine the student's date entered repayment. This date will be used for purposes of calculating the school's cohort default rate.



Note

If the loan was converted into repayment before March 1, 1996, the repayment date for FFEL Program Stafford loans may be date-specific (for example, 1/16/1996) or month-specific (for example, 2/1996). On or after March 1, 1996, the repayment date is date-specific.

Q. If a borrower requests a forbearance or deferment, will the student's date entered repayment change?

A. No, a forbearance or deferment will not alter the borrower's date entered repayment.

Direct Loan Program loans enter repayment on the day following six months of an uninterrupted grace period after a student drops below at least half-time enrollment PROVIDED that the school timely notified the Direct Loan servicer of the student's change in enrollment status. If the school does not timely notify the Direct Loan servicer of a student's change in enrollment status, the servicer will use the best information available to determine the student's date entered repayment. This date will be used for purposes of calculating the school's cohort default rate.



Note

Unlike FFEL Program loans, the date entered repayment for Direct Loan Program loans has always been date-specific.

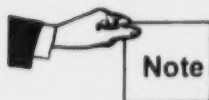
Federal SLS loans — if not reported in a cohort default rate prior to FY 1993, the following definitions apply.

- ◆ If a student has a Federal SLS loan and an FFEL Program Stafford loan that were both obtained in the same period of continuous enrollment, the date entered repayment for the Federal SLS loan is the same as the date entered repayment for the FFEL Program Stafford loan.

OR

- ◆ In other instances, the date entered repayment for the Federal SLS loan is the day following the day a student is no longer enrolled on at least a half-time basis.

Under these guidelines for Federal SLS loans, which were implemented beginning with the FY 1993 cohort default rates, a loan that was reported as having entered repayment prior to FY 1993 might also meet the criteria to be included in FY 1993 or later. To prevent the possibility of double-counting loans, any Federal SLS loan that was reported in a cohort default rate prior to FY 1993 will not be reported again.



Please refer to the special circumstances affecting the cohort default rate calculation beginning on page 24.

How does the Department determine which loans are placed in the numerator of the calculation?

Loans must be included in the denominator of a cohort default rate calculation in order to be included in the numerator of the cohort default rate calculation.

For FFEL Program loans, only defaulted loans are included in the numerator of the calculation. For **cohort default rate purposes**, a loan is considered to be in default only if the guaranty agency has paid a default claim on the loan to the lender.¹² The date the guaranty agency reimburses the lender for the defaulted loan (the claim paid date or CPD) is used to determine if the loan will be placed in the numerator of the calculation. If the claim paid date falls within the same fiscal year in which the loan entered repayment or the next fiscal year, the loan is included in both the denominator and numerator of the cohort rate calculation.



Effective October 7, 1998, the 1998 Amendments to the Higher Education Act of 1965 (HEA), as amended, changed the definition of default for FFEL Program loans from 180 days of delinquency to 270 days of delinquency. Therefore, if a borrower's first day of delinquency on a loan occurred before October 7, 1998, the borrower's default will be based on 180 days of delinquency. However, if a borrower's first day of delinquency on a loan occurred on or after October 7, 1998, the borrower's default will be based on 270 days of delinquency. When determining a borrower's first day of delinquency, it is important to note that a borrower's first day of delinquency can change based on late payments made by a borrower (i.e., rolling delinquencies).

Example: Harry's first day of delinquency was September 15, 1998. If Harry makes two full monthly payments in October 1998, and subsequently becomes delinquent, Harry's first day of delinquency would be after October 7, 1998 and Harry would only default if he remained delinquent for 270 days.

Regardless of the number of days of delinquency used to determine a borrower's default date, if the **date the claim is paid falls within the same fiscal year in which the loan entered repayment or the next fiscal year**, the loan will be included in both the denominator and the numerator of the cohort default rate calculation.

¹² 34 CFR Section 668 17(d)(1)(i)(C)

For **Direct Loan Program loans**, loans are included in the numerator of the cohort default rate calculation when a student defaults. As a result of the change in definition of default, the definition of default **for cohort default rate purposes** for Direct Loan Program loans was changed from 270 days of delinquency to 360 days of delinquency. This change was effective October 7, 1998. Therefore, if a borrower defaults on a Direct Loan Program loan based on a first day of delinquency that occurred before October 7, 1998, the default will be based on 270 days of delinquency. If a borrower defaults on a Direct Loan Program loan based on a first day of delinquency that occurred on or after October 7, 1998, the default will be based on 360 days of delinquency. As with FFEL Program loans, it is important to note that the first day of delinquency may change based on late payments made by borrowers. The change in the borrower's first day of delinquency may affect whether or not the borrower is considered in default after 270 days or 360 days of delinquency.

In either circumstance, if the borrower's **default date** falls within the **same fiscal year in which the loan entered repayment or the next fiscal year**, the loan will be included in **both the denominator and the numerator** of the cohort default rate calculation.

In addition, for **non-degree granting proprietary schools only**, borrowers who have received Direct Loan Program loans are considered to be in default for purposes of calculating a school's cohort default rate if, for a specified period of time during the cohort period in question, the borrowers are in repayment under the income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan. The period of time that determines whether a borrower will be included as a defaulted borrower due to the borrower's ICR plan is based on the cohort default rate calculation in which the borrower is included. If the borrower is included in a cohort default rate calculation **prior to FY 1998**, the period of time is 270 days. If the borrower is included in the **FY 1998 or later** cohort default rate calculation, the period of time is 360 days.¹³



Please refer to the special circumstances affecting the cohort default rate calculation beginning on page 24.

Q. Why would a Direct Loan Program loan have a loan status code of DU (i.e. defaulted) BUT not be considered in default for cohort default rate purposes?

A. For the purposes of borrower eligibility, a Direct Loan Program loan is considered in default after 270 days of delinquency. However, for cohort default rate purposes, a Direct Loan Program loan is not considered in default until after 360 days of delinquency. If the borrower reaches 271 days of delinquency within the cohort period in question, the loan will be assigned a DU loan status. If the borrower's 361st day of delinquency does not occur within the cohort period in question, the borrower will be reported with a loan status code of DU, but will not be considered a defaulted loan for cohort default rate purposes.

¹³ 64 Fed. Reg. 58974-58979 (November 1, 1999) (Preamble to Final Rule)

How do consolidation loans affect the numerator of the cohort default rate calculation?

A defaulted Federal Consolidation loan and/or Federal Direct Consolidation loan may cause a **non-defaulted** FFEL Program and/or Direct Loan Program loan to be included in the **numerator** of the cohort default rate calculation. This occurs if the Federal Consolidation loan and/or Federal Direct Consolidation loan, which was used to consolidate the FFEL Program and/or Direct Loan Program loan(s), defaults within the cohort period that is associated with the cohort default rate calculation in which the FFEL Program and/or Direct Loan Program loan is included.

Example: Elizabeth entered into repayment on an FFEL Program loan on January 3, 1999. Because Elizabeth entered into repayment on the FFEL Program loan on January 3, 1999, Elizabeth will be included in the denominator of the FY 1999 cohort default rate calculation. After entering into repayment on the FFEL Program loan, Elizabeth elects to consolidate the FFEL Program loan using a Federal Consolidation loan. Elizabeth fails to make payments on the Federal Consolidation loan, and the claim was paid on the Federal Consolidation loan on March 15, 2000.

Even though the FFEL Program loan did not default, the FFEL Program loan will be included in the numerator of the FY 1999 cohort default rate calculation because a claim was paid on the Federal Consolidation loan, which consolidated the FFEL Program loan, before the end of the FY 1999 cohort period, which is the cohort period in which Elizabeth's FFEL Program loan was included.

Are there any special circumstances that affect how a loan will be included in the cohort default rate calculation?

There are several special circumstances that will affect how a loan is included in the cohort default rate calculation. The table beginning on the next page addresses many of these circumstances but is not intended to be representative of all of the special circumstances.

Special Circumstances Affecting How Cohort Default Rates Are Calculated

If...	Then...	And...
A borrower obtained more than one loan to attend a school and the loans entered repayment during the same fiscal year	The borrower should be included in the denominator of the cohort default rate calculation in the year in which the loans entered repayment. Cohort default rates are calculated for a school based on an unduplicated borrower count. Therefore, even if a borrower has more than one loan entering repayment in a single fiscal year for a given school, that borrower will only be counted once in the denominator of the school's cohort default rate calculation.	The borrower should be included in the numerator of the cohort default rate calculation if one or more of the loans defaulted or met other specified conditions within the fiscal year in which the loans entered repayment or within the next fiscal year. Even if more than one loan defaulted or met other specified conditions, the borrower would be counted only once in the numerator of the school's cohort default rate calculation.
A borrower obtained more than one loan to attend a school but the repayment dates for each of the loans fall into different fiscal years	The borrower should be included in the denominators of the cohort default rate calculations in the years in which the loans entered repayment. The same borrower can appear in two different cohort default rate calculations for a school if the borrower has two separate loans and the repayment dates for each of the loans fall into separate fiscal years. However, the same loan cannot be used in more than one cohort default rate calculation.	The borrower should be included in the numerator of the cohort default rate calculation if the loan defaulted or met other specified conditions within the fiscal year in which that loan entered repayment or within the next fiscal year.

Special Circumstances Affecting How Cohort Default Rates Are Calculated

If...	Then...	And...
A borrower takes out loans at more than one school	The loans obtained for attendance at one school are included in the denominator of that school's cohort default rate calculation and the loans obtained for attendance at any other schools are included in the denominator of the other schools' cohort default rate calculations.	The loans obtained for attendance at one school are included in the numerator of that school's cohort default rate calculation and the loans obtained for attendance at the other schools are included in the numerator of the other schools' cohort default rate calculations, provided that the loans defaulted or met other specified conditions within the fiscal year that the loans entered repayment or within the next fiscal year.
A borrower consolidated one or more of his/her non-defaulted loans	The borrower should be included in the denominator(s) of the cohort default rate calculation(s) in which the underlying loan(s) entered repayment	If the consolidation loan defaulted or met other specified conditions within the fiscal year in which the underlying loan(s) entered repayment or within the next fiscal year, then the borrower should be included in the numerator(s) of the cohort default rate calculation(s).

Q. What is an underlying loan?

A. If a borrower consolidates his/her FFEL Program and/or Direct Loan Program loan(s), the FFEL Program and/or Direct Loan Program loan(s) that was consolidated is considered the underlying loan.

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Special Circumstances Affecting How Cohort Default Rates Are Calculated		
If...	Then...	And...
A borrower consolidated one or more of his/her defaulted loans	The borrower should be included in the denominator(s) of the cohort default rate calculation(s) in which the underlying loan(s) entered repayment.	If the underlying loan(s) defaulted or met other specified conditions within the fiscal year in which the underlying loan(s) entered into repayment or within the next fiscal year, then the borrower should be included in the numerator(s) of the cohort default rate calculation(s).
The borrower's loan was discharged due to death, bankruptcy, and/or disability PRIOR to the borrower entering repayment	Because the borrower did not enter repayment, the borrower should be included in the denominator of the cohort default rate calculation based on the date the guaranty agency pays the claim based on the borrower's death, bankruptcy, and/or disability, or the date the Direct Loan servicer acknowledges the borrower's death, bankruptcy, and/or disability provided that the lender, guaranty agency, and/or Direct Loan servicer was timely notified of the borrower's death, bankruptcy, and/or disability.	The borrower should NOT be included in the numerator of the cohort default rate calculation because the loan did not default prior to the death, bankruptcy, and/or disability.

Special Circumstances Affecting How Cohort Default Rates Are Calculated		
If...	Then...	And...
The borrower's loan was discharged due to death, bankruptcy, and/or disability AFTER the borrower entered repayment BUT prior to the borrower defaulting	The borrower should be included in the denominator of the cohort default rate calculation based on the fiscal year in which the loan entered repayment.	PROVIDED that the lender, guaranty agency, and/or Direct Loan servicer was timely notified of the borrower's death, bankruptcy, and/or disability, the borrower should NOT be included in the numerator of the cohort default rate calculation because the loan did not default prior to the death, bankruptcy, and/or disability.
The borrower's loan was discharged due to death, bankruptcy, and/or disability AFTER the borrower defaulted¹⁴	The borrower should be included in the denominator of the cohort default rate calculation based on the fiscal year in which the loan entered repayment.	The borrower should be included in the numerator of the cohort default rate calculation if, prior to discharge, the loan defaulted or met other specified conditions within the fiscal year in which the loan entered repayment or the next fiscal year.
A payment is made on a loan by the school, its owner, agent, or another entity or individual affiliated with the school to avoid default by the borrower¹⁵	The borrower should be included in the denominator of the cohort default rate calculation based on the fiscal year in which the loan entered repayment.	The borrower should be included in the numerator of the cohort default rate calculation because the loan is treated as in default for cohort default rate purposes.

¹⁴ 34 CFR Section 682.402 and 685.212

¹⁵ HEA Section 435(m)(2)(B), 34 CFR Section 668.17(d)(1)(ii)(B), (e)(2)(ii), and (f)(2)(ii)

Special Circumstances Affecting How Cohort Default Rates Are Calculated		
If...	Then...	And...
A loan was fully refunded to the lender/Direct Loan servicer (i.e., cancelled) within 120 days of disbursement	The borrower should NOT be included in the denominator of the cohort default rate calculation because cancelled loans are not included in the cohort default rate calculation.	The borrower should NOT be included in the numerator of the cohort default rate calculation because cancelled loans are not included in the cohort default rate calculation.
A loan was partially refunded to the lender/Direct Loan servicer or was not fully refunded within 120 days of disbursement	The borrower should be included in the denominator of cohort default rate calculation based on the fiscal year in which the loan entered repayment.	The borrower should be included in the numerator of the cohort default rate calculation if the portion of the loan that was not refunded, defaults or meets other specified conditions within the fiscal year the loan entered repayment or the next fiscal year.
A borrower requested and was granted a revised repayment schedule that started before the date the borrower was originally scheduled to enter repayment	The borrower should be included in the denominator of the cohort default rate calculation based on the fiscal year in which that early repayment schedule start date falls.	The borrower should NOT be included in the numerator of the cohort default rate calculation if the loan did not default or meet other specified conditions.

Special Circumstances Affecting How Cohort Default Rates Are Calculated

If...	Then...	And...
A borrower defaulted on a loan but it was rehabilitated for cohort default rate purposes before the end of the cohort period associated with the fiscal year in which the borrower entered repayment ¹⁶	The borrower should be included in the denominator of the cohort default rate calculation based on the fiscal year in which the loan entered repayment	The borrower should NOT be included in the numerator of the cohort default rate calculation because the loan is not considered in default.
A borrower paid the loan in-full PRIOR to the date the borrower was originally scheduled to enter repayment	The borrower should be included in the denominator of the cohort default rate calculation based on the fiscal year that the borrower paid the loan in-full. The paid in-full date becomes the new repayment date.	The borrower should NOT be included in the numerator of the cohort default rate calculation because the loan never defaulted or met other specified conditions.
A borrower paid the loan in-full AFTER defaulting on the loan and the borrower did not successfully rehabilitate his/her loan before the end of the cohort period associated with the fiscal year in which the borrower entered repayment	The borrower should be included in the denominator of the cohort default rate calculation based on the fiscal year in which the loan entered repayment.	The borrower should be included in the numerator of the cohort default rate calculation if the loan defaulted or met other specified conditions within the fiscal year in which the loan entered repayment or the next fiscal year.

¹⁶ HEA Section 428 F(a), 435(m)(2)(C), and 34 CFR Section 682.405(a). An FFEL Program loan is rehabilitated if a borrower has made 12 consecutive, voluntary, on-time monthly payments before the end of the cohort period in which the student entered repayment and the loan is sold to a lender. HEA Section 451(b)(2), 455(a)(1), and 34 CFR Section 685.211(e). A Direct Loan Program loan is rehabilitated if a borrower has made 12 consecutive on-time monthly payments before the end of the cohort period in which the borrower entered repayment.

Special Circumstances Affecting How Cohort Default Rates Are Calculated

If...	Then...	And...
A lender repurchased a loan because the guaranty agency determined that the lender failed to meet the insurance requirements	The loan should NOT be included in the denominator of the cohort default rate calculation because uninsured loans are not included in the cohort default rate calculation.	The loan should NOT be included in the numerator of the cohort default rate calculation because uninsured loans are not included in the cohort default rate calculation.
A lender repurchased a loan because it incorrectly submitted a claim on the loan to the guaranty agency AND the lender immediately requested that the loan be returned AND did not subsequently submit another claim	The loan should be included in the denominator of the cohort default rate calculation based on the fiscal year in which the loan entered repayment	The loan should NOT be included in the numerator of the cohort default rate calculation because the loan is not a defaulted loan
A lender repurchased a loan because it incorrectly submitted a claim on the loan to the guaranty agency AND the lender immediately requested that the loan be returned AND then the lender subsequently submits another claim on the loan and that claim is paid within the cohort period associated with the fiscal year the loan entered repayment	The loan should be included in the denominator of the cohort default rate calculation based on the fiscal year in which the loan entered repayment	The loan should be included in the numerator of the cohort default rate calculation because a subsequent claim was submitted and paid within the cohort period associated with the fiscal year the loan entered repayment

Special Circumstances Affecting How Cohort Default Rates Are Calculated

If...	Then...	And...
A lender repurchased a loan on which a claim had been paid because the borrower established a new payment plan and is making payments, OR the lender/servicer simply requests the repurchase (i.e., a courtesy repurchase) AND the loan does not meet the rehabilitation criteria discussed on page 30.	The loan should be included in the denominator of the cohort default rate calculation based on the fiscal year in which the loan entered repayment.	Since the loan is considered a defaulted loan for cohort default rate purposes, the loan should be included in the numerator of the cohort default rate calculation if the original claim was paid within the cohort period associated with the cohort default rate in which the loan entered repayment.

How does adding and subtracting loans from the cohort default rate calculation affect a school's cohort default rate?

The following chart describes the effect that the movement of a loan has on a cohort default rate calculation.

Results of Adding and Subtracting Loans		
If...	And the Department...	Then the following change to the cohort default rate results:
the borrower has no other loans in the CDR calculation	Adds a defaulted loan	+B
	Adds a non-defaulted loan	+D
	Subtracts a defaulted loan	-B
	Subtracts a non-defaulted loan	-D
	Changes a defaulted loan to a non-defaulted loan	-N
the borrower has other non-defaulted loan(s) correctly included in the CDR calculation	Adds a defaulted loan	+N
	Adds a non-defaulted loan	No effect
	Subtracts a non-defaulted loan	No effect
	Subtracts a defaulted loan	-N
	Changes a defaulted loan to a non-defaulted loan	-N
the borrower has other defaulted loan(s) correctly included in the CDR calculation	Adds a defaulted loan	No effect
	Adds a non-defaulted loan	No effect
	Subtracts a defaulted loan	No effect
	Subtracts a non-defaulted loan	No effect
	Changes a defaulted loan to a non-defaulted loan	No effect

Key	
Code	Description
CDR	Cohort Default Rate
N	Numerator
D	Denominator
B	Both Numerator and Denominator

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Cohort Default Rate Effects

Are there any consequences associated with draft cohort default rates?

No. However, there are consequences associated with **official** cohort default rates. Since the draft cohort default rate data form the basis of the official cohort default rates, and since a school may be unable to appeal or request an adjustment of its official cohort default rate if it fails to challenge its draft cohort default rate data, it is critical that a school review its draft cohort default rate data as soon as it is released by the U.S. Department of Education (Department) to ensure the cohort default rate data's accuracy.

Are there any consequences associated with official cohort default rates?

Yes. The Higher Education Act of 1965 (HEA), as amended and the Department's regulations describe the sanctions and benefits that apply when a school's official cohort default rate(s) meets certain levels.

The regulations that describe the sanctions and consequences associated with official cohort default rates were recently revised. The revised cohort default rate regulations published by the Department in the fall of 2000 will not go into effect until July 1, 2001. Therefore, the changes to the cohort default rate process noted in those regulations do not apply to the FY 1999 **draft** cohort default rates and/or the FY 1999 draft challenge processes. The first cohort default rates affected by the changes to the cohort default rate regulations will be the FY 1999 **official** cohort default rates.

The Department's Information for Financial Aid Professionals website at <http://www.ifap.ed.gov> contains a copy of the newly revised regulations. Please refer to 34 CFR Section 668.187 and 668.188 for a description of the sanctions and consequences that will be associated with official cohort default rates after July 1, 2001. The *Cohort Default Rate Guide* will contain information on the sanctions and consequences associated with official cohort default rates. The *Cohort Default Rate Guide* will be provided to schools at the time the FY 1999 official cohort default rates are released.

Loan Record Detail Report

What is a loan record detail report?

A loan record detail report, is a report that contains information on Federal Family Education Loan (FFEL) Program loans and/or William D. Ford Federal Direct Loan (Direct Loan) Program loans used to calculate a school's cohort default rate. The loan record detail report lists a school's loan activity, including but not limited to:

- ◆ the number of borrowers who entered repayment during a given fiscal year (FY);
- ◆ the loan status of those borrowers;
- AND
- ◆ the school's cohort default rate.



It is important that schools maintain a copy of all loan record detail reports received from the U.S. Department of Education (Department). These reports will be useful if a school files a challenge, adjustment, and/or appeal at a later date.

Which schools receive hardcopy draft loan record detail reports?

The Department sends the most recent draft loan record detail reports in a hardcopy format to **all** schools for which a draft cohort default rate is calculated.

Can a school request its draft loan record detail report?

Yes. If a school did not receive its draft hardcopy loan record detail report AND/OR would like to receive its draft loan record detail report in an electronic format, it should refer to the "Electronic Loan Record Detail Report" section beginning on page 57 for instructions on how to request the electronic report using the National Student Loan Data System (NSLDS) website and the user's Title IV WAN account.



If a school is unable to request the electronic loan record detail report because the school does not have an NSLDS user-ID or a Title IV WAN account, the school must contact the Department's Default Management office to obtain a copy of the report. If the school intends to submit a draft data challenge, the challenge must be submitted to each relevant entity **within 45 calendar days** of the school's receipt of its draft **hardcopy** loan record detail report.

Why should a school review its draft loan record detail report?

After the release of the draft cohort default rates, a school should review its **draft** loan record detail report to verify the accuracy of the loan information that will ultimately be used to calculate its **official** cohort default rate. Because the official cohort default rate is used to determine if the school may be subject to sanctions and/or benefits, it is important for the school to verify the accuracy of its draft data before the official cohort default rates are calculated and released to the public. Only by submitting a draft data challenge will a school preserve its right to submit certain types of adjustments/appeals after the release of the official cohort default rates.



If a school **DOES NOT** submit a draft data challenge, then the school will forfeit its right to challenge certain errors after the release of the official cohort default rates.¹

Q. If a school's draft cohort default rate is only 3.2 percent, may the school submit a draft data challenge?

A. Yes. All schools may submit a written challenge, including those schools whose cohort default rates are less than 25.0 percent. It is important to take advantage of this opportunity since this is the only time all schools may review and challenge the cohort default rate data.

¹ 34 CFR Section 668.17(j)(3)(iv); 64 Fed. Reg. 58974, 58991 (November 1, 1999) (Preamble to Final Rule).

What should a school review in its loan record detail report?

A school should review the data in its loan record detail report to determine if any inaccuracies exist.

When checking for **incorrect data**, a school should compare its draft loan record detail report with its records and information from outside sources, including but not limited to lenders, borrowers, guaranty agencies, the Department's Direct Loan servicer, and other schools where former students are enrolled. Based on this information, the school should verify that no incorrect data is in the loan record detail report.

The school should, for example, verify:

- ◆ that the loans included in the loan record detail report are **correctly reported** (e.g., verify that the dates entered repayment and default dates/claim paid dates are correct);
 - ◆ that all loans that should have been included in the loan record detail report are **included**;
- AND/OR
- ◆ that loans that should not have been included were **omitted** from the loan record detail report.



If a school finds what it believes to be errors in the draft loan record detail report, the school is eligible to submit a draft data challenge to each relevant entity within **45 calendar days**² of receiving its draft cohort default rate hardcopy loan record detail report.

² 34 CFR 668.17(j)(3)(i), 64 Fed. Reg. 58974, 58981 (November 1, 1999) (Preamble to Final Rule)

A draft data challenge should be submitted to **each** relevant entity that currently holds the loan or maintains the guaranty on the loan for which an error has been identified. The entity responsible for responding to challenges on a loan is identified by the guarantor/servicer code on the loan record detail report. Guaranty agency/servicer contact information is listed in "Appendix A". A school should submit a draft data challenge using the addresses listed in "Appendix A".

Please refer to the section entitled "Draft Data Challenge" beginning on page 73 for more information on submitting a draft data challenge.

How does the Department produce loan record detail reports?

The Department produces loan record detail reports using loan information that has been electronically submitted to NSLDS by guaranty agencies and various offices within the Department.

Will a school's draft loan record detail report and official loan record detail report be the same?

Not necessarily. Since NSLDS is regularly updated, the data reported in a school's **draft** loan record detail report might differ from the data reported in its **official** loan record detail report, even if a school does not challenge its draft cohort default rate data.



If new data appears in a school's official cohort default rate calculation, the school may be eligible to submit an adjustment/appeal of its official cohort default rate based on allegations of new data errors.

Please refer to the *Cohort Default Rate Guide* that will be sent with a school's FY 1999 official cohort default rates for additional information on submitting an adjustment of or appealing its official cohort default rate based on allegations of new data errors.

Are the loan record detail reports subject to the Privacy Act?

Yes, the Privacy Act of 1974 and the Family Educational Rights and Privacy Act (FERPA) apply to all cohort default rate related loan record detail reports, since they contain personally identifying information about borrowers who received FFEL Program and/or Direct Loan Program loans. The use of this material may also be governed by state and local laws and regulations. Recipients should take appropriate steps to safeguard this material, guarantee that it is used appropriately, and ensure that if it is discarded, it is done properly.

How does a school read a loan record detail report?

There are three sections to a loan record detail report. The sections are the title, body, and summary. Each section is explained in detail on the following pages. In addition, a full-page sample of the loan record detail report is shown on page 55.

Q. What is new data?

A. New data occurs when the loan data reported to NSLDS is changed during the period between the calculation of the draft and official cohort default rates. New data can be identified by comparing the draft and official loan record detail reports for the same year and determining if any loan data is newly included, excluded, or changed in any manner.

Please refer to the *Cohort Default Rate Guide* that will be sent with a school's FY 1999 official cohort default rates for information on how to challenge the accuracy of new data.

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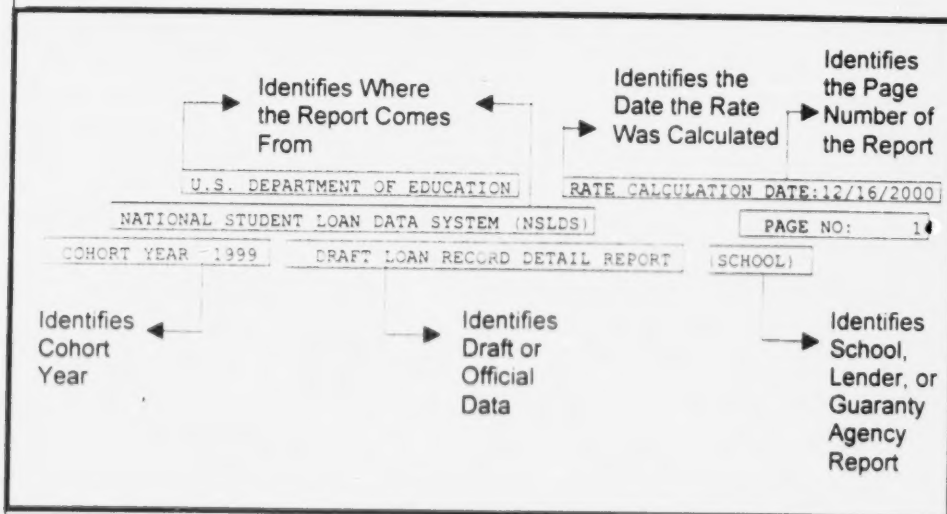
TITLE

The title section is located at the top of each page of the loan record detail report. This section provides information about the loan record detail report.

The first line of the title section identifies that the loan record detail report is produced by the **U.S. Department of Education**. The first line also identifies the **Rate Calculation Date**. This is the date that the cohort default rate reflected on the loan record detail report was calculated. The Rate Calculation Date is also known as the run date.

The second line of the title section identifies that the data on the loan record detail report is generated from the **National Student Loan Data System (NSLDS)**. It also identifies the **Page Number**.

The third line of the title section identifies the **Cohort Year** associated with the loan record detail report. It also identifies whether the loan record detail report represents draft or official cohort default rate data (**Draft Loan Record Detail Report** or **Official Loan Record Detail Report**). The third line of the title section also identifies that the loan record detail report contains information related to a school's (**School**) cohort default rate rather than a lender or guaranty agency's cohort default rate.



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The title section on the first page of the loan record detail report also provides specific information about the school associated with the data contained in the loan record detail report.

The fourth line of the title section on the first page of the loan record detail report identifies, if applicable, whose **Attention** the loan record detail report should be directed to at the school. This line also identifies the school's **Organization ID Number**, which is the same as the OPE (Office of Postsecondary Education) ID Number. The next four lines listed on the loan record detail report contain the school's **Name**, **Address**, **City**, **State**, **Country**, and **Postal Code**. The last line also lists the **Program Type**. The Program Type identifies the type of loans included in the loan record detail report. Finally, the last line provides the number of **Years** used to calculate the school's cohort default rate.

**Note**

If a school has 29 or fewer borrowers listed on its official loan record detail report and had cohort default rates calculated for the two previous years, the school's **official** cohort default rate will be an average cohort default rate and will be based on three years of data. However, all **draft** cohort default rates are based on one year of data since the Department does not calculate average draft cohort default rates.

Attention: JOHN DOE		Organization ID Number: 11111100	
Name: ELECTRICAL TRAINING INSTITUTE			
Address: 1234 MAIN STREET			
City: LEONARDTOWN		State: WI	
Country: USA		Postal Code: 12345-6789	
Program Type: EFEL/DL		Years: 1	

Identifies the School's OPE ID Number

Identifies the School's Address

Identifies the Type of Loans Included in the Loan Record Detail Report

Identifies the Number of Years Used to Calculate the Cohort Default Rate

Please refer to page 55 for a composite representation of the title section of the loan record detail report.

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BODY

Following the title section, on each page of the loan record detail report, are two horizontal rows set off by hashed lines. These rows contain headers for the data contained in the body of the report. The headers are shown below.

► Header Representing First Row of Data Elements

STUDENT		Original		CLASS		Academic	
SSN	Last name	First/M.I.	D.O.B	School	Begin Date	End Date	Level
LENDER/SERVICER/HOLDER Loan Claim Rsn/ DEFAULT/				Guarantor/ Guaranty Enrollment Stat/ Usage			
Originating		Current Type	Stat Code	ReqAm	Date Repay	Date Amount	Servicer Loan/Date Code Date

Header Representing Second
Row of Data Elements

The data listed under the headers are information on the loans used to calculate the school's cohort default rate. The headers correspond to the various data elements provided for each loan. **Each loan has two rows of information.**

STUDENT				Original	CLASS		Academic
SIN	Last name	First/M.I.	D.O.B	School	Begin Date	End Date	Level
LENDER/SERVICER/HOLDER Loan Claim Rsn/ DEFAULT/				Guarantor/	Guaranty	Enrollment Stat/	Usage
Originating		Current Type Stat Code	NegAm Date	Repay Date	Amount	Servicer Loan/Date	Code Date

First Row of
Loan Data

0200-22-2222	SMITH	ALICE	10/21/1991	11/11/1991	8/28/1997	10/11/1998	-
101	555	01	10	1X	02/20/2000	10/01/1998	23.000 0101 09/30/1997 G 12/15/1999 B CD

Second Row of Loan Data

Each of the data elements listed on the loan record detail report is described in detail on the following pages.

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The first row of loan data contains eight elements.

The first four elements in the first row of loan data identify the borrower associated with the loan. These elements are the borrower's:

- ◆ **SSN** (Social Security Number);
- ◆ **Last Name**;
- ◆ **First/M.I.** (First Name and Middle Initial);
- AND
- ◆ **D.O.B.** (Date of Birth).

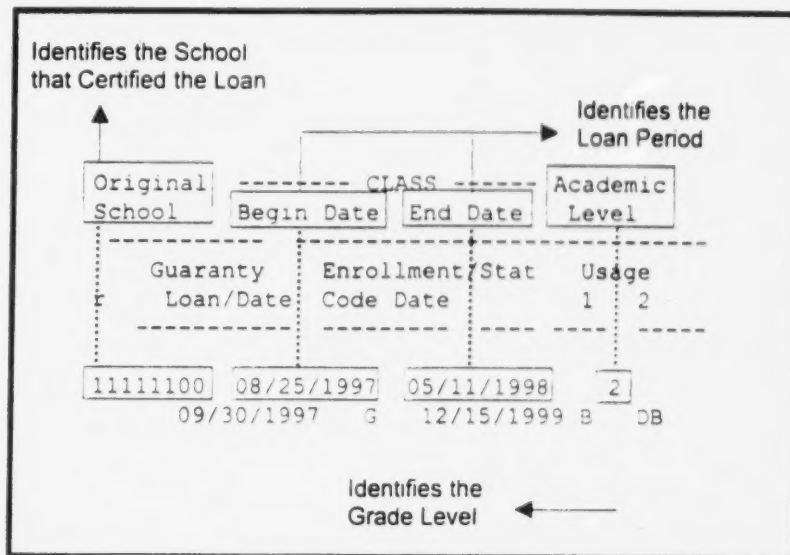
Identifies Borrower's Social Security Number				Identifies Borrower's First Name and Middle Initial			
STUDENT							
SSN	Last name			First/M.I.		D.O.B.	
0 - LENDER/SERVICER/HOLDER Loan - Claim Rsn/ DEFAULT/							
Originating		Current	Type	Stat	Code	NegAm Date	Repay Date
0222-22-2222		SMITH				ALICE	10/21/1991
0101		555	01	DU	IX	02/20/2000	10/01/1998
Identifies Borrower's Last Name				Identifies Borrower's Date of Birth			

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The last four elements in the first row of loan data identify:

- ◆ the **Original School**, which is the OPE ID number of the school that certified the loan;
- ◆ the **Class Begin Date** and **Class End Date**, which reflect the loan period of the loan;
- AND
- ◆ the **Academic Level**, which reflects the grade level of the borrower when the loan was obtained.

Academic Level	
Code	Description
1	Freshman/ First Year
2	Sophomore/ Second Year
3	Junior/Third Year
4	Senior/Fourth Year
5	Fifth Year/Other
A	First Year Graduate/ Professional
B	Second Year Graduate/ Professional
C	Third Year Graduate/ Professional
D	Beyond Third Year Graduate/ Professional
G	Graduate/ Professional
N	Not Available



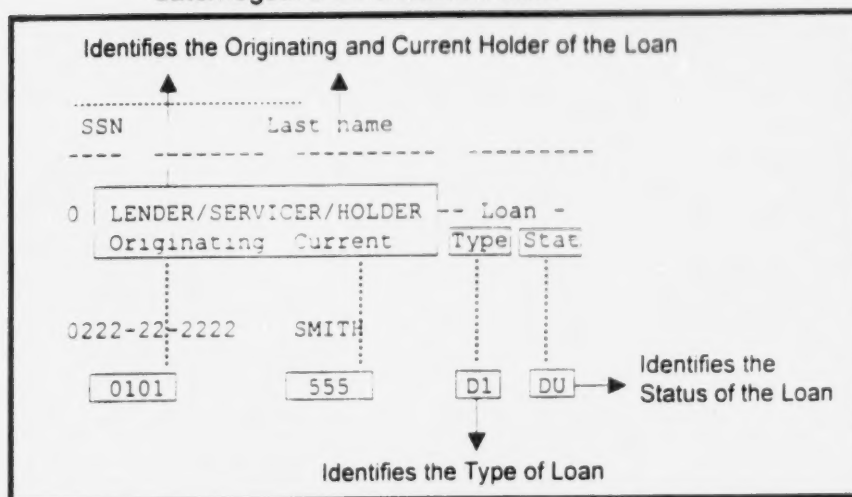
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The second row of loan data contains 14 elements.

The first four elements in the second row of the loan data identify:

- ◆ the **Originating Lender/Servicer/Holder**, which represents the entity that provided the loan to the borrower;
 - ◆ the **Current Lender/Servicer/Holder**, which represents the last entity to hold the loan at the time the cohort default rate was calculated;
 - ◆ the **Loan Type**, which identifies whether the loan is an FFEL Program loan or Direct Loan Program loan, and whether or not the loan is subsidized and/or consolidated;
- AND
- ◆ the **Loan Stat**, which identifies the repayment/default status of the loan at the time the cohort default rate was calculated. The loan status code is not used to determine how the loan is used in the cohort default rate calculation. This is determined by the date entered repayment and default date/claim paid date/negative amortization date.



Note

The current holder for ALL **defaulted** Direct Loan Program loans is the Department (represented by a "555" current holder code). However, all inquiries regarding Direct Loan Program loans should be sent to the Department's Direct Loan servicer at the address provided in "Appendix A".

Loan Type Codes	
Code	Description
CL	FFEL Consolidated Loan
D1	Direct Loan Subsidized Stafford Loan
D2	Direct Loan Unsubsidized Stafford Loan
D4	Direct Loan PLUS Loan
D5	Direct Loan Consolidated Unsubsidized Stafford Loan
D6	Direct Loan Consolidated Subsidized Stafford Loan
D7	Direct Loan Consolidated PLUS Loan
PL	FFEL PLUS Loan
RF	FFEL Refinanced Loan
SF	FFEL Subsidized Stafford Loan
SL	FFEL Supplemental Loans for Students Loan
SU	FFEL Unsubsidized Stafford Loan

Loan Status Codes	
Code	Description
AE	Assigned to the U S Department of Education
BC	Bankruptcy Claim, Discharged
BK	Bankruptcy Claim, Active
CA	Cancelled
DA	Deferred
DB	Defaulted, then Bankrupt, Active, Chapter 13
DC	Defaulted, Compromise
DD	Defaulted, then Died
DE	Death
DI	Disability
DK	Defaulted, then Bankrupt, Discharged Chapter 13
DL	Defaulted, in Litigation
DO	Defaulted, then Bankrupt, Active, Other
DP	Defaulted, Paid-In-Full
DS	Defaulted, then Disabled
DT	Defaulted, Collection Terminated
DU	Defaulted, Unresolved
DW	Defaulted, Write-Off
DX	Defaulted, Six Consecutive Payments Forbearance
FB	Forbearance
ID	In School or Grace Period
OD	Defaulted, then Bankrupt, Discharged Other
PC	Paid-In-Full through Consolidation Loan
PF	Paid-In-Full
RF	Refinanced
RP	In Repayment
UI	Uninsured

The next three elements in the second row of loan data identify:

- ◆ the **Claim Reason Code**, which identifies why a claim was paid on an FFEL Program loan or if a Direct Loan Program loan has defaulted or, for non-degree granting proprietary schools, if a Direct Loan Program loan has entered into an income contingent repayment plan with payments less than fifteen dollars per month that has resulted in negative amortization;
- ◆ the **Default/NegAm Date**, which identifies the date a default claim was paid on an FFEL Program loan or the day a Direct Loan Program loan has, for cohort default rate purposes, defaulted or, for non-degree granting proprietary schools, the day the Direct Loan Program loan is considered in default due to an income contingent repayment plan with payments of less than fifteen dollars per month that resulted in negative amortization;



Note

The Default/NegAm Date determines if a loan is included in the **numerator** of the cohort default rate calculation.

AND

- ◆ the **Repay Date**, which identifies the date the borrower entered into repayment on the loan.

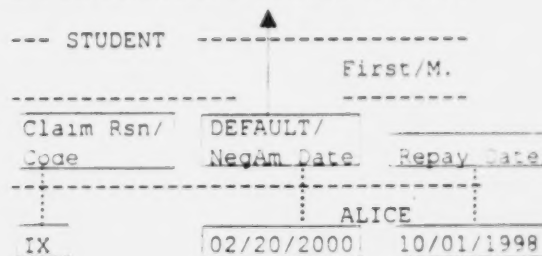


Note

The Repay Date determines if a loan is included in the **denominator** of the cohort default rate calculation.

Claim Reason Codes	
Code	Status
BC	FFEL Bankruptcy, Chapter 13
BO	FFEL Bankruptcy, Other
CS	FFEL Closed School
DE	FFEL Death
DF	FFEL Default
DI	FFEL Disability
EX	FFEL Exempt
FC	FFEL False Certification
IN	Direct Loan, Income Contingent Negative Amortization for non-degree granting proprietary schools
IX	Direct Loan, Defaulted Loan

Identifies the Claim Paid Date, the Default Date for Direct Loan Program loans, or the Date Certain Loans Under Income Contingent Repayment Plans are Considered in Default (Numerator)



Identifies the Claim Reason Code

Identifies the Date the Loan Entered Repayment (Denominator)

The next three elements in the second row of loan data identify:

- ◆ the **Amount**, which identifies the original principal amount of the loan;
- ◆ the **Guarantor/Servicer**, which identifies the entity that is responsible for responding to a school's inquiry about the status of the loan;



Note

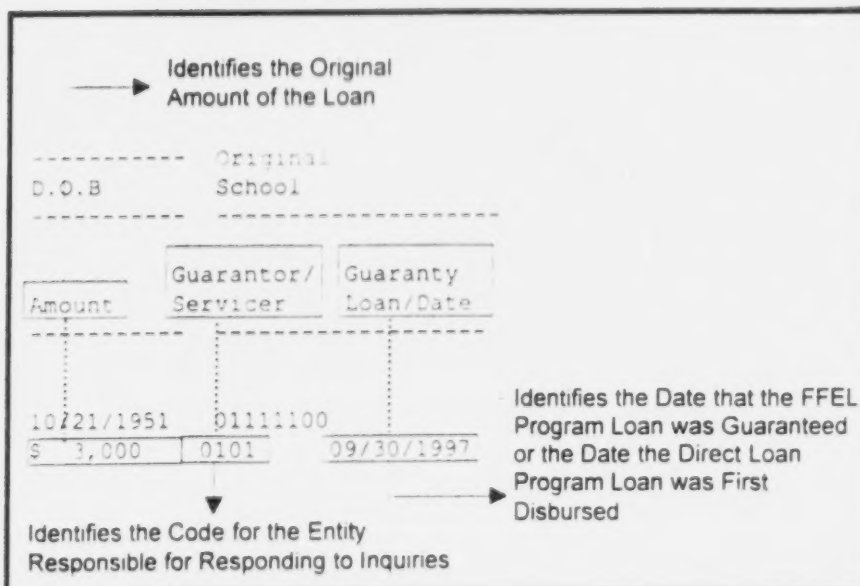
The entities responsible for responding to a school's inquiries are:

- 1) guaranty agencies;
- 2) the Department's Default Management office;
- AND
- 3) the Department's Direct Loan servicer.

A school should submit draft data challenges to these organizations at the addresses provided beginning on page 3 of "Appendix A."

AND

- ◆ the **Guaranty Loan/Date**, which identifies the date that the guaranty agency insured an FFEL Program loan or the first date of disbursement for a Direct Loan Program loan.



Q. If a loan is considered in default due to the default of a consolidation loan, to which entity should the school submit its draft data challenge – the entity that guaranteed/originated the original loan or the entity that guaranteed/originated the consolidation loan?

A. If the school is challenging the date the original loan entered repayment, it should address its draft data challenge to the entity identified by the guarantor/servicer code on the loan record detail report for the original loan. If the school is challenging the default status of the consolidation loan, it should address its draft data challenge to the entity identified by the guarantor/servicer code on the loan record detail report for the consolidation loan.

The same entity is not always responsible for both loans.

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The final four elements in the second row of loan data identify:

Enrollment Status Code	
Code	Description
A	Approved leave of absence
D	Deceased
F	Full-time
G	Graduated
H	Half-time or more, but less than full time
L	Less than half-time
N	Not available
W	Withdrawn
X	Never attended
Z	No record found

Usage Code 1 Cohort Default Rate Usage	
Code	Description
D	Denominator only
B	Both Numerator and Denominator
N	Not Used
E	Eligible, but not counted

Usage Code 2 FFEL Program and/or Direct Loan Program Usage	
Code	Description
FD	FFEL Program Denominator only
FB	FFEL Program Numerator and Denominator
DD	Direct Loan Program Denominator only
DB	Direct Loan Program Numerator and Denominator
IC	Direct Loan Program NegAm/ICR Numerator and Denominator
N	Not Used (FFEL Program and/or Direct Loan Program)
E	Eligible, but Not Counted (FFEL Program and/or Direct Loan Program)

- ◆ the **Enrollment Stat Code**, which identifies the borrower's enrollment status at the time the cohort default rate was calculated;
- ◆ the **Enrollment Stat Date**, which indicates the last date the borrower's enrollment status changed. If no data is available, the guaranty agency or Direct Loan servicer may use 01/01/1900;



Note

The enrollment status code and date do not necessarily reflect the borrower's enrollment at the school reported on the loan record detail report. The enrollment status code and date may reflect subsequent enrollment by the borrower at a different school.

- ◆ the **Usage Code 1**, which identifies how the loan is used in the school's cohort default rate calculation. The school's cohort default rate calculation is summarized on the final page of the report;

AND

- ◆ the **Usage Code 2**, which identifies how the loan is counted in each individual loan program (i.e., the FFEL Program and/or the Direct Loan Program). The individual loan program count is summarized on the final page of the report.

		Identifies the Last Date the Enrollment Status Changed	
----- CLASS ----- Academic			
n Date End Date Level			

Enrollment Stat/ Usage			
Code	Date	1	2

G	12/15/1999	B	DB
		Identifies How the Loan is Counted in Each Loan Program	
Identifies the Borrower's Current Enrollment Status		Identifies How the Loan is Counted in the Cohort Default Rate Calculation	

Please refer to page 55 for a composite representation of the body section of the loan record detail report.

SUMMARY

The last page of the loan record detail report provides a summary of the data contained in the report.

The first line of the summary provides the **Total Dollars in Default**. The FFEL Program and Direct Loan Program entries within this field indicate the total outstanding principal balance (including any interest that has accrued on the loan since it went into default) for the defaulted loans that are included in the cohort default rate calculation. The Dual Program entry represents the outstanding principal balance for only one defaulted loan for each borrower included in the cohort default rate calculation.

The second line of the summary provides the **Total Dollars in Repayment**. The FFEL Program and Direct Loan Program entries within this field indicate the total dollar volume for loans that have entered repayment during the cohort period in question. The Dual Program entry represents the dollars in repayment for only one loan for each borrower included in the cohort default rate calculation.

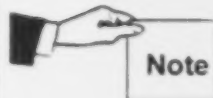
The third line of the summary provides the **Total Insurance Claim Payments** for FFEL Program loans. The Total Insurance Claim Payments for FFEL Program loans indicates the actual amount of the claims that the guaranty agency paid. This amount may not equal the Total Dollars in Default for FFEL Program loans since the Total Dollars in Default includes interest that has accrued on the loan(s) since the loan(s) went into default. The Total Insurance Claim Payments does not include this additional amount.

Identifies the Total Dollars in Default Including Accruing Interest	Identifies the Individual Program Titles		
	FFEL	DIRECT	DUAL
TOTAL DOLLARS IN DEFAULT:	7,900	5,500	12,500
TOTAL DOLLARS IN REPAYMENT:	28,400	11,365	31,365
TOTAL INSURANCE CLAIM PAYMENTS:	6,000		
Identifies the Total Amount of the Claims Paid	Identifies the Total Dollars in Repayment		

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The fourth line of the summary provides the **Actual Numerator Count** and the **Report Count** for the numerator of the cohort default rate calculation. The Actual Numerator Count is the total number of unduplicated borrowers included in the numerator of the cohort default rate calculation. The Report Count for the numerator represents the unduplicated borrowers listed on the loan record detail report with a "B" in the Usage Code 1 field.

The fifth line of the summary provides the **Actual Denominator Count** and the **Report Count** for the denominator of the cohort default rate calculation. The Actual Denominator Count is the total number of unduplicated borrowers included in the denominator of the cohort default rate calculation. The Report Count for the denominator represents the unduplicated borrowers listed on the loan record detail report with a "D" or "B" in the Usage Code 1 field.



The Actual Counts will be the same as the Report Counts on a school's **draft** loan record detail report. However, the counts may differ on the **official** loan record detail report if the school's official cohort default rate was changed due to a cohort default rate appeal. The changes resulting from the cohort default rate appeal are reflected in the Actual Counts but NOT in the Report Counts.

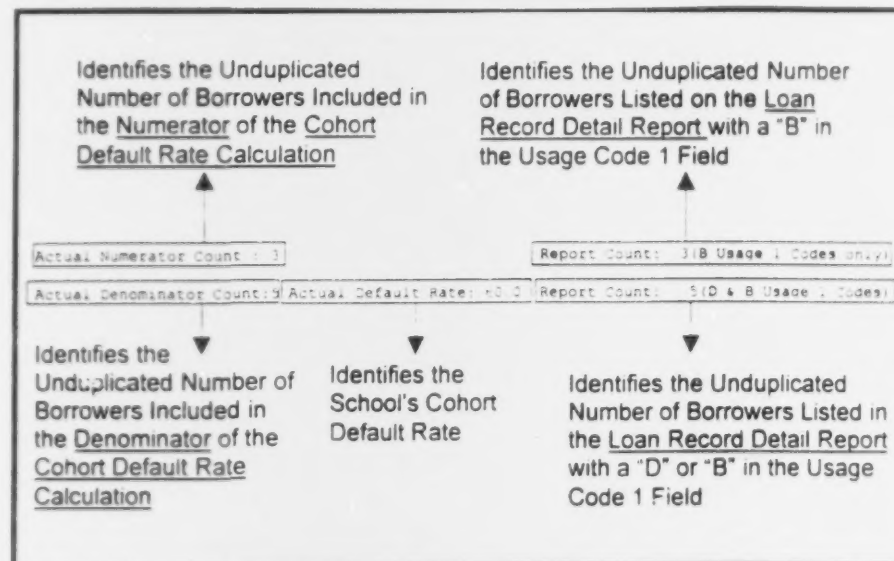
The fifth line of the summary also provides the **Actual Default Rate**. The Actual Default Rate is, in most cases, the school's cohort default rate. However, if a school has 29 or fewer borrowers entering repayment in the cohort default rate calculation or if the school has a combined, substituted, or merged cohort default rate, the Actual Default Rate will not reflect the school's cohort default rate.

Q. How does a school determine what its cohort default rate is if the school has 29 or fewer borrowers entering repayment?

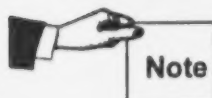
A. For details on how to calculate a school's average cohort default rate, please refer to the "Cohort Default Rate Calculation" section on page 16. A school will need its FY 1997, FY 1998, and FY 1999 actual cohort default rates to determine its FY 1999 average cohort default rate.

Q. How does a school determine what its cohort default rate is if the school has a combined, substituted, or merged cohort default rate?

A. A school should refer to its official cohort default rate notification letter for details regarding its combined, substituted, and/or merged cohort default rate.



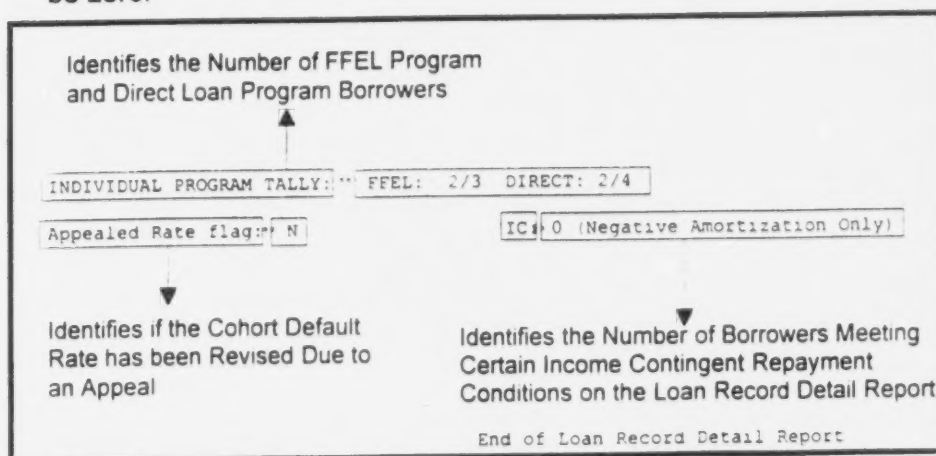
The sixth line of the summary provides the **Individual Program Tally**. The Individual Program Tally is NOT a school's cohort default rate – it is purely informational to tell the school the number of borrowers identified with each loan program and the number of those borrowers that have defaulted or met other specified conditions. A count is provided for both FFEL Program and Direct Loan Program borrowers if a school has loans entering repayment from each loan program.



A school does not select whether it has an FFEL Program cohort default rate or a Direct Loan Program cohort rate. The rate is based on **all** of the loans that enter repayment in a given cohort default rate calculation.

The seventh line of the summary provides the **Appealed Rate Flag**. The Appealed Rate Flag indicates whether the cohort default rate has been changed due to a cohort default rate appeal. This flag will be an "N" for all **draft** cohort default rates since schools do not have the opportunity to appeal the cohort default rates prior to receiving the cohort default rate loan record detail report.

The seventh line of the summary also provides the **IC** field. The IC field identifies the number of Direct Loan Program borrowers in the cohort default rate calculation, who attended a **non-degree granting proprietary school**, that are considered in default because they have been under an income contingent repayment plan for a specified period of time with scheduled monthly payments that are less than fifteen dollars and less than the interest accruing on the loan, resulting in negative amortization. If the school is NOT a non-degree-granting proprietary school, OR if it does not have any borrowers meeting these criteria, this field will be zero.



Appealed Rate Flag	
Code	Description
O	Direct – School altered cohort default rate due to its own adjustment/appeal
I	Indirect – School cohort default rate altered due to an adjustment/appeal filed by a different school in a combination/substitution/merger
N	No appeal – School cohort default rate not altered by an adjustment/appeal
U	Unknown – Adjustment/Appeal status unknown for cohort default rate prior to FY 1993

Please refer to page 55 for a composite representation of the summary section of the loan record detail report.

Sample Loan Record Detail Report

General Information

Body
Data
Element
Headers

Title

U.S. DEPARTMENT OF EDUCATION
NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
COHORT YEAR 1999 DRAFT RECORD DETAIL REPORT (SCHOOL)
Attention: JOHN DOE
Name: ELECTRICAL TRAINING INSTITUTE
Address: 1234 MAIN STREET
City: LEONARDTOWN
Country: USA
State: WI
Postal Code: 12345-6789
Program Type: FFEL/DL
Years: 1
RATE CALCULATION DATE: 12/16/2000
PAGE NO: 1
Organization ID Number: 11111100

SSN	Last name	STUDENT	First/M.I.	D.O.B	Original School	CLASS	Begin Date	End Date	Academic Level
0222-22-2222	SMITH								
0101	555	D1 DU IX	02/20/2000	10/01/1998	\$ 3,000	0101	09/30/1997	G	12/15/1999 B DB
0333-33-3333	BAKER								
8000040000	8000040000	SF RP	00/00/0000	05/16/1999	\$ 2,625	111	08/25/1998	Z	01/01/1900 D FD

	FFEL	DIRECT	DUAL	
TOTAL DOLLARS IN DEFAULT :	7,900	5,500	12,500	(Based on Outstanding Principal Balance)
TOTAL DOLLARS IN REPAYMENT :	28,400	11,365	31,365	(Based on Outstanding Principal Balance)
TOTAL INSURANCE CLAIM PAYMENTS:	6,000			
Actual Numerator Count :	3		Report Count :	3(B Usage 1 Codes only)
Actual Denominator Count:	5	Actual Default Rate: 60.0	Report Count :	5(D & B Usage 1 Codes)
INDIVIDUAL PROGRAM TALLY: FFEL:	2/3	DIRECT:	2/4	
Appealed Rate flag: N			IC: 0	(Negative Amortization Only)

End of Loan Record Detail Report

Body
Data
Elements

Summary

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Loan Record Detail Report

Electronic Loan Record Detail Report

What is an electronic loan record detail report?

An electronic loan record detail report is an electronic version of the hardcopy loan record detail report a school receives with its cohort default rate. The electronic report provides schools with a more efficient way to review, sort, and analyze its cohort default rate data.

This report contains the same information as the hardcopy loan record detail report and will eventually replace the hardcopy report.

Please refer to the "Loan Record Detail Report" section beginning on page 37 for a description of the data elements contained in the electronic loan record detail report.

Which schools are able to obtain an electronic loan record detail report?

Electronic loan record detail reports are available to all schools that currently or have formerly participated in any of the Title IV Student Financial Assistance Programs.

What is the format of the electronic loan record detail report?

The electronic loan record detail report is available as a preformatted report (**report**) or as a data file extract (**extract**). The **report** is representative of the hardcopy loan record detail report and can be accessed using standard word processing software. The **extract** allows a school to query the cohort default rate data based on the school's needs. The file layout for the extract is located in "Appendix B".

Are there time frames associated with requesting an electronic loan record detail report?

A school may request an electronic loan record detail report at any time. However, if a school intends to submit a draft data challenge, the school must submit the draft data challenge **within 45 calendar days** of receiving its draft hardcopy loan record detail report.

If a school is unable to request the electronic loan record detail report because the school does not have a National Student Loan Data System (NSLDS) user-ID and/or a Title IV WAN account, contact the Department's Default Management office at (202) 708-6048 to inform the Department that it does NOT have an NSLDS user-ID and/or a Title IV WAN account but would like to request its electronic loan record detail report.

What are the procedures for requesting an electronic loan record detail report?

Electronic loan record detail reports are requested using the Department's NSLDS website. Once the request has been made via the NSLDS website, the report is delivered to the Title IV WAN mailbox associated with the NSLDS user-ID that was used to make the request. EDconn32 software is used to download the report from the user's Title IV WAN mailbox. Therefore, in order to request an electronic loan record detail report, the requestor must have an NSLDS user-ID, a Title IV WAN account, and EDconn32 software.

Q. How can a school obtain an NSLDS user-ID, a Title IV WAN account, and/or EDconn32 software?

A. To obtain an NSLDS user-ID, contact NSLDS Customer Service at (800) 999-8219. To obtain a Title IV WAN account or EDconn32 software, contact Title IV-WAN Customer Service at (800) 615-1189.



Note

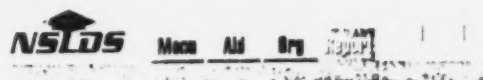
There are two types of NSLDS user-IDs: an **on-line services only** NSLDS user-ID and an **on-line services and batch** NSLDS user-ID. Because both NSLDS user-IDs have associated Title IV WAN mailboxes, both user-IDs can be used to request an electronic loan record detail report. However, if the **on-line services only** NSLDS user-ID is used to request the report, it is important to realize that the report will be placed in the Title IV WAN mailbox associated with the **on-line services only** user-ID and NOT in the Title IV WAN mailbox associated with the **on-line services and batch** user-ID.

The following provides a step-by-step description of how to request and download the electronic loan record detail report.

- Step 1:** Log onto the Department's NSLDS website at **www.NSLDSFAP.ed.gov** by entering the user's NSLDS **user-ID** and **password** and clicking on **Logon**.

- Step 2:** Read the Privacy Act statement and confirm that you are an authorized user of NSLDS and you will adhere to the Privacy Act by clicking on **I Agree**.

- Step 3:** Once logged onto NSLDS, select the **Report** tab at the top of the screen.



- Step 4:** Under the Report function, click on the blue number box to the left side of the screen for the **CDR Loan Detail Report**.

- Step 5:** Select either **Extract** OR **Report**. This option will determine the format of the file that is provided.

- ◆ An **extract** allows a school to query the cohort default rate data based on the school's needs. The file layout for the extract is located in "Appendix B."
- ◆ A **report** is representative of the hardcopy loan record detail report and can be accessed using standard word processing software.

- Step 6:** Click on **Submit**.

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Step 7: Verify that the information is correct and click **Confirm**.

Confirm

Step 8: A message will appear indicating the request was successfully submitted.



Report Submitted Successfully



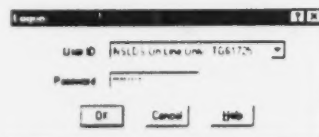
For questions about the NSLDS website or requesting the electronic loan record detail report, contact NSLDS Customer Service at (800) 999-8219 or nsldscoe@raytheon.com.

Step 9: Before downloading the electronic loan record detail report from the Title IV WAN mailbox associated with the NSLDS user-ID that was used to make the request for the report, verify that the Title IV WAN mailbox has been successfully converted to receive data via the Student Aid Internet Gateway.

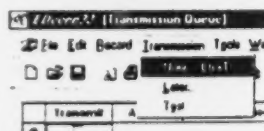


If the Title IV WAN mailbox in question has not been successfully converted or if you are unsure if the Title IV WAN mailbox has been successfully converted to the Student Aid Internet Gateway, contact Title IV WAN Customer Service at (800) 615-1189.

Step 10: Log onto the EDconn32 software using the user-ID associated with the NSLDS user-ID that was used to make the request for the electronic loan record detail report.



Step 11: Select Now from the Transmission menu.

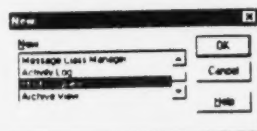


Q. How soon after requesting the electronic loan record detail report will the user be able to download the report?

A. If the electronic loan record detail report is requested before 10 a.m. EST, the requestor should be able to retrieve the report by the end of the same business day that the request was made. If the report is requested after 10 a.m. EST, the requestor will be able to retrieve the report by the next business day.

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- Step 12:** Once EDconn32 has finished processing the Transmission Now request, select **Mailbox Query** from the **New** option on the **File** menu.



- Step 13:** EDconn32 will provide a list of those files that are available for download. From the list of files available to be downloaded, identify the electronic loan record detail report that was requested.

Move to TQ	Message Class	Item Number	Description	Size
☐	DDRE99OP	00000000000000000000	DRAFT 99 RATE EXTRACT	10888
☐	DDRR99OP	00000000000000000000	DRAFT 99 RATE REPORT	10888

The FY 1999 draft loan record detail report will be listed using the following message classes:

- ◆ DDRE99OP for **extract** files;

OR

- ◆ DDRR99OP for **report** files.



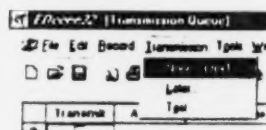
Note

At the time this Guide was sent to print, it was unclear if the Department would be able to provide electronic loan record detail reports for cohort default rates other than FY 1998 and FY 1999. However, if the Department is able to provide electronic loan record detail reports for cohort default rates other than FY 1998 and FY 1999, "Appendix C" provides a complete listing of the message classes associated with cohort default rates other than FY 1998 and FY 1999.

- Step 14:** Place a check mark, in the **Move to TQ** column, next to the message class associated with the requested electronic loan record detail report.

Move to TQ	Message Class	Item Number	Description	Size
☐	DDRE99OP	00000000000000000000	DRAFT 99 RATE EXTRACT	10888
☒	DDRR99OP	00000000000000000000	DRAFT 99 RATE REPORT	10888

- Step 15:** Select **Now** from the **Transmission** menu.
EDconn32 will download the file to the designated directory.



- Step 16:** Access the file from the directory that was designated to receive the downloaded file.



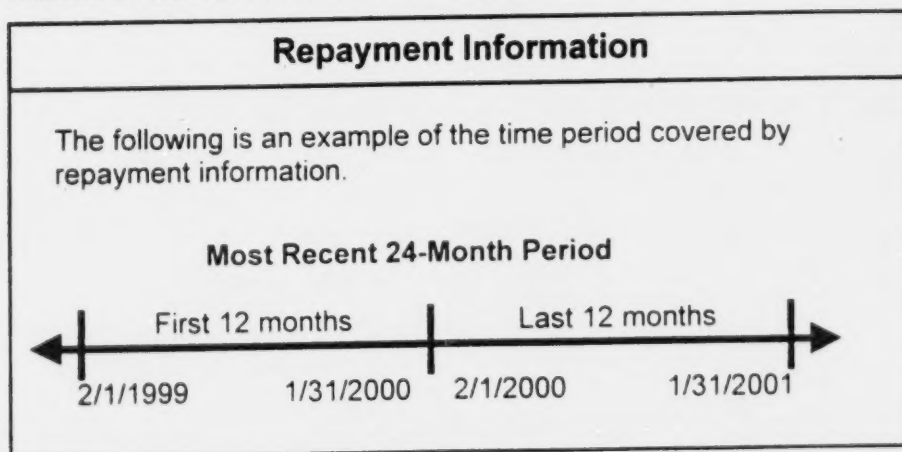
For questions about the Title IV WAN mailbox or downloading files, contact Title IV WAN Customer Service at (800) 615-1189.

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Repayment Information

What is repayment information?

Repayment information is a default management tool provided by the National Student Loan Data System (NSLDS). Specifically, NSLDS, on a monthly basis, provides school-specific repayment information about students who have obtained Federal Family Education Loan (FFEL) Program loans and/or William D. Ford Federal Direct Loan (Direct Loan) Program loans to attend the school and have entered into repayment on the loans in the first 12 months of the most recent 24-month period.



Does the repayment information represent a school's cohort default rate?

No, the repayment information does NOT represent the school's cohort default rate. The repayment information is provided solely as a service to help schools track loans and correct errors associated with loans that recently entered into repayment. The Department will continue to calculate cohort default rates at the prescribed intervals and will base the cohort default rate calculation on data that is in NSLDS at the time of the calculation.

Which schools are able to obtain repayment information?

Repayment information is available for **all schools** that participate in any of the Title IV Student Financial Assistance Programs and have students who entered into repayment on FFEL Program and/or Direct Loan Program loans during the first 12 months of the most recent 24-month period.

In what type of format is repayment information provided?

Repayment information is available in a summary format or in a detailed file format.

- ◆ The **summary format** provides a school with the **number of borrowers** who entered into repayment in the first 12 months of the most recent 24-month period. In addition, the summary report provides a school with the number of borrowers who entered into repayment in the first 12 months of the most recent 24-month period AND defaulted (or met other specified conditions¹) during the most recent 24-month period. The summary format also separates this information by loan program (i.e., FFEL Program and Direct Loan Program).

Please refer to page 66 for information on how to obtain this repayment information.

- ◆ The **detailed file format** provides a **listing** of the borrowers tallied in the summary format. In addition, the file format provides information about each of the relevant loans provided to the borrowers included on the report. The information provided on the borrowers' loans is the same data as provided on a school's cohort default rate loan record detail report.

Please refer to page 67 for information on how to obtain this repayment information.

¹**Other specified conditions:** For non-degree-granting proprietary schools only, borrowers who have received Direct Loan Program loans are considered to be in default for the purposes of calculating repayment information if, for a specified period of time, the borrowers are in repayment under the income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan.

Will a school be able to access repayment information based on different 24-month periods?

A school will be able to access the **summary** repayment information associated with **up to 17 different 24-month periods**.

The following chart identifies the summary repayment information available in NSLDS between January and December 2001.

Summary Repayment Information Availability Chart	
Repayment Information 24-Month Period	Date Available
1/1/1999 – 12/31/2000	January 2001
2/1/1999 – 1/31/2001	February 2001
3/1/1999 – 2/28/2001	March 2001
4/1/1999 – 3/31/2001	April 2001
5/1/1999 – 4/30/2001	May 2001
6/1/1999 – 5/31/2001	June 2001
7/1/1999 – 6/30/2001	July 2001
8/1/1999 – 7/31/2001	August 2001
9/1/1999 – 8/31/2001	September 2001
10/1/1999 – 9/30/2001	October 2001
11/1/1999 – 10/31/2001	November 2001
12/1/1999 – 11/30/2001	December 2001

The **detailed file format** repayment history is only available for the **most recent 24-month period**. Therefore, it is important that a school monitor its repayment information on a monthly basis and, if desired, download the most recent detailed file format on a monthly basis.

What are the benefits of reviewing the repayment information?

The detailed file format repayment information can assist schools in –

- ◆ **Monitoring when borrowers enter repayment.**
Schools that monitor borrowers' repayment status can use the information to make sure that the borrowers that have just entered repayment are aware of all of the possible repayment, deferment, and/or forbearance options that are available. This information can help a borrower avoid default.

- ◆ Ensuring the data reported to NSLDS is accurate. Schools that monitor borrowers' repayment and default status can contact lenders/guaranty agencies/services as errors occur instead of waiting until the release of the draft cohort default rates to correct inaccuracies.

**Note**

It is important to note that the repayment information only provides information about a borrower's repayment and/or default status. The repayment information does not provide information regarding a borrower's delinquency status. For more information about a borrower's possible delinquency status, a school should contact the relevant lender, guaranty agency, or Direct Loan servicer.

How can a school access the summary repayment information?

The summary repayment information is available from the Department's NSLDS website. Therefore, to access a school's summary repayment information, an individual at the school must have an NSLDS user-ID.

**Note**

To obtain an NSLDS user-ID, contact NSLDS Customer Service at (800) 999-8219.

- Step 1:** Log onto the Department's NSLDS website at www.NSLDSFAP.ed.gov by entering the NSLDS user-ID and password and clicking on **Login**.

Address

THIS IS A RESTRICTED SYSTEM
 This system is LIMITED to approved use by AUTHORIZED personnel only. Access by others is prohibited.
[System Requirements](#) | [Change Password](#)

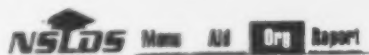
ENTER LOGIN DETAILS: User ID Password

- Step 2:** Read the Privacy Act statement and confirm that you are an authorized user of NSLDS and you will adhere to the Privacy Act by clicking on **I Agree**.

By clicking here, you personally confirm that you are currently an authorized user of NSLDS and that you adhere to the Privacy Act.

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Step 3: Once logged onto NSLDS, select the **Org** tab at the top of the screen.



Step 4: Under the **Org** tab select **Repayment Information**.



Step 5: View the school's summary repayment information.

The following information reflects the current repayment status of students enrolled in FY99, and should be used by schools who provided a direct billing a specific period. This information has no relationship to the submission of draft or official school default rates for a school and will not be used in that process. This data is provided solely for informational purposes and may not be used to rate administrative procedures. The information reported is based on information provided by the borrower having filed government tax data as by the school's tax return.

Repayment Date Range	Repayment Date Range	FY99 Rep	FY99 Default	%	DL Rep	DL Default	%	Debt Rep	Debt Default	%	Debt Repaid
09/1998-09/2000	09/1998-09/1999	23	1031	2.2	52	2751	1.8	71	1056	2.3	09/23/2000
09/1998-07/2000	09/1998-07/1999	23	1031	2.2	41	2753	1.4	61	1059	1.9	06/26/2000
07/1998-06/2000	07/1998-06/1999	22	1049	2.0	30	2843	0.7	42	1167	1.3	07/09/2000
06/1998-05/2000	06/1998-05/1999	29	1129	2.5	31	2601	1.1	56	2953	1.8	06/04/2000
05/1998-04/2000	05/1998-04/1999	29	1127	2.5	32	2606	1.2	57	2956	1.9	05/07/2000
04/1998-03/2000	04/1998-03/1999	29	1171	2.3	36	2679	1.3	60	3051	1.9	04/09/2000
03/1998-02/2000	03/1998-02/1999	29	1181	2.4	36	2636	1.4	59	2962	1.9	03/05/2000
02/1998-01/2000	02/1998-01/1999	28	1195	2.3	33	2626	1.3	56	2927	1.8	02/06/2000
01/1998-12/1999	01/1998-12/1998	35	1181	2.1	33	2628	1.3	52	2929	1.7	01/09/2000
12/1997-11/1999	12/1997-11/1998	44	1218	3.3	63	2311	2.7	95	2780	3.4	01/05/2000

How can a school access the detailed file format repayment information?

The detailed file format repayment information is requested using the Department's NSLDS website. Once the request has been made via the NSLDS website, the detailed file format is delivered to the Title IV WAN mailbox associated with the NSLDS user-ID that was used to make the request. EDconn32 software is used to download the detailed file format from the user's Title IV WAN mailbox. Therefore, in order to request detailed file format repayment information, the requestor must have an NSLDS user-ID, a Title IV WAN account, and EDconn32 software.



There are two types of NSLDS user-IDs: an on-line services only NSLDS user-ID and an on-line services and batch NSLDS user-ID. Because both NSLDS user-IDs have associated Title IV WAN mailboxes, both user-IDs can be used to request detailed file format repayment information. However, if the on-line services only NSLDS user-ID is used to request the detailed file format, it is important to realize that the detailed file format will be placed in the Title IV WAN mailbox associated with the on-line services only user-ID and NOT in the Title IV WAN mailbox associated with the on-line services and batch user-ID.

Q. How can a school obtain an NSLDS user-ID, a Title IV WAN account, and/or EDconn32 software?

A. To obtain an NSLDS user-ID, contact NSLDS Customer Service at (800) 999-8219. To obtain a Title IV WAN account or EDconn32 software, contact Title IV WAN Customer Service at (800) 615-1189.

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The following provides a step-by-step description of how to request and download the detailed file format repayment information.

- Step 1:** Log onto the Department's NSLDS website at **www.NSLDSFAP.ed.gov** by entering the NSLDS **user-ID** and **password** and clicking on **Login**.

- Step 2:** Read the Privacy Act statement and confirm that you are an authorized user of NSLDS and you will adhere to the Privacy Act by clicking on **I Agree**.

- Step 3:** Once logged onto NSLDS, select the **Report** tab at the top of the screen.

- Step 4:** Under the Report function, click on the blue number box to the left side of the screen for the **School Repayment Info Loan Detail**.

- Step 5:** Select either **Extract** OR **Report**. This option will determine the format of the file that is provided.

- ◆ An **extract** allows a school to query the repayment information based on the school's needs. The file layout for the extract is located in "Appendix B."
- ◆ A **report** can be accessed using standard word processing software.

Step 6: Make a Loan Selection.

This option will determine which loans are included in the file that is provided.

LOAN SELECTION: [Select]
 NUMERATOR DATE RANGE: [Select]
 DENOMINATOR DATE RANGE: [Select]
 ALL
 DENOMINATOR ONLY
 NUMERATOR ONLY

- ◆ **ALL** will generate a detailed file that contains all of the loans included in the denominator only and numerator only reports.
- ◆ **DENOMINATOR ONLY** will generate a detailed file that contains all of the loans that enter repayment during the first 12 months of the most recent 24-month period **AND did not default** during the most recent 24-month period.
- ◆ **NUMERATOR ONLY** will generate a detailed file that contains only those loans that entered repayment during the first 12 months of the most recent 24-month period **AND defaulted** during the most recent 24-month period.

Step 7: Select the appropriate Sort By option.

This option will determine the order of the borrowers if the school elects to receive a report file. However, an option must be entered, even if the school has requested an extract file.

Sort By: [Select]
 SSN
 CLAIM CODE, SSN
 LOAN STATUS, SSN

SSN will sort the borrowers in Social Security number order.

CLAIM CODE, SSN will sort the borrowers by claim code and then by Social Security number.

LOAN STATUS, SSN will sort the borrowers by loan status code and then by Social Security number.

Please refer to pages 48 and 47 of the "Loan Record Detail Report" section, respectively, for a list of the claim reason codes and loan status codes.

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- Step 8:** Read the statement regarding the content of the file requested and click on **Submit**.



The repayment information reflects the current repayment status of loans reported in FIBS, and does not represent the borrower's current status during a grace period. The information may be subject to the submission of a bill or official record of default, which may be used to bill or pursue. This data is provided solely for informational purposes and may not be used in any credit-related decision. The information reported is based on information provided by the borrower's lender that is received from the lender or by the lender's data provider.

- Step 9:** Verify that the information is correct and click on **Confirm**.



- Step 10:** A message will appear indicating the request was successfully submitted.

 Report Submitted Successfully



For questions about the NSLDS website or requesting the repayment information, contact NSLDS Customer Service at (800) 999-8219 or nsldscoe@raytheon.com.

- Step 11:** Before downloading the file from the Title IV WAN mailbox associated with the NSLDS user-ID that was used to make the request for the detailed file format repayment information, verify that the Title IV WAN mailbox has been successfully converted to receive data via the Student Aid Internet Gateway.

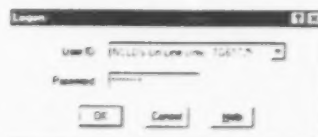


If the Title IV WAN mailbox in question has not been successfully converted or if you are unsure if the Title IV WAN mailbox has been successfully converted to the Student Aid Internet Gateway, contact Title IV WAN Customer Service at (800) 615-1189.

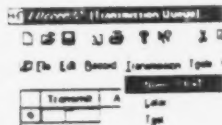
Q. How soon after requesting the detailed file format repayment information will the user be able to download the file?

A. If the detailed file format repayment information is requested before 10 a.m. EST, the requestor should be able to retrieve the file by the end of the same business day that the request was made. If the repayment information is requested after 10 a.m. EST, the requestor will be able to retrieve the file by the next business day.

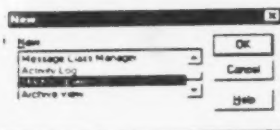
- Step 12:** Log onto the EDconn32 software using the user-ID associated with the NSLDS user-ID that was used to make the request for the detailed file format repayment information.



Step 13: Select **Now** from the **Transmission** menu.



Step 14: Once EDconn32 has finished processing the Transmission Now request, select **Mailbox Query** from the **New** option on the **File** menu.



Step 15: EDconn32 will provide a list of those files that are available for download. From the list of files available to be downloaded, identify the detailed file format repayment information that was requested.

Draw no TO	Mortgage Class	Draw Number	Description	YTD
1	COPIED	000100010000000000	DRAFT 90 RATE EXTRACT	YTD
2	COPIED	000100010000000000	DRAFT 90 RATE REPORT	YTD

The detailed file format repayment information will be provided using the following message classes:

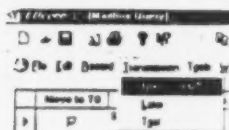
- ◆ SHNOTEOP for extract files:
OR
- ◆ SHNOTROP for report files.

Step 16: Place a check mark, in the **Move to TQ** column, next to the message class associated with the requested detailed file format repayment information.

Mailbox Query			
Message ID	Message Class	Item Number	Item Type
PHOTOGRAPH	PHOTOGRAPH	ITEM 123456789	REPAYMENT HISTORY - EXTRACT
PHOTOGRAPH	PHOTOGRAPH	ITEM 123456789	REPAYMENT HISTORY - REPORT

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- Step 17:** Select **Now** from the **Transmission** menu. EDconn32 will download the file to the designated directory.



- Step 18:** Access the file from the directory that was designated to receive the downloaded file.

**Note**

For questions about the Title IV WAN mailbox or downloading files, contact Title IV WAN Customer Service at (800) 615-1189.

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Draft Data Challenge



This section is divided into two parts. The first part (pages 73 through 91) provides background information on the draft data challenge and outlines the process and procedures for submitting a draft data challenge. The second part (pages 92 through 98) provides an example of a situation that would warrant the submission of a draft data challenge and sample material as it would pertain to a draft data challenge.

To understand the draft data challenge process, the U.S. Department of Education (Department) recommends that the reader review both parts of this section.

PART I: Background, Process, and Procedures

QUALIFYING

What is a draft data challenge?

After the release of the draft cohort default rates, the Department provides schools an opportunity to review the draft cohort default rate data and, if necessary, work with the entity responsible for the loans included in the draft cohort default rate data to correct any errors. The process of correcting data included in the draft cohort default rates is called a draft data challenge. Since the draft data forms the basis for a school's official cohort default rate, it is important that a school review its draft cohort default rate data and if necessary submit a draft data challenge.

Which schools are eligible to submit a draft data challenge?

All schools, regardless of their cohort default rate, are provided the opportunity to review draft cohort default rate data and challenge the data. This includes schools with draft cohort default rates below 25.0 percent.

Which cohort default rates may a school challenge?

A school can only directly challenge the most recent (i.e., FY 1999) draft cohort default rate data. Schools that have 29 or fewer borrowers entering repayment are also limited to challenging only the current year's draft data.

Why should a school challenge its draft data?

Challenging draft cohort default rate data enables a school to request a correction to what it believes to be **inaccurate data** contained in the school's draft data.

It is important to correct inaccurate data through the draft data challenge process because:

- ◆ a school will not have a second opportunity to challenge and correct the data; therefore, the school needs to ensure that no discrepancies exist between the school's records, information obtained from outside sources, and the draft loan record detail report;

AND

- ◆ the loan information included in the draft cohort default rate will be used to calculate the school's official cohort default rate; therefore, it is critical to ensure the data is accurate since official cohort default rates can result in certain sanctions against the school or benefits for the school;

AND

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Q. If a school receives a draft loan record detail report but has officially withdrawn from the FFEL Program and/or Direct Loan Program, should the school review the draft cohort default rate data?

A. Yes. All schools that have borrowers entering repayment in a given fiscal year will receive draft data information and should review the data to ensure its accuracy. It is important to correct any errors found in the draft data because a school will not be given another chance to challenge and correct these errors. In addition, the school may be subject to certain consequences after the release of the official cohort default rates even if the school is no longer participating in the FFEL Program and/or Direct Loan Program.

- ◆ it will preserve a school's right to submit an **uncorrected data adjustment** if the agreed upon changes are not correctly shown in the official cohort default rates;

AND

- ◆ it will preserve a school's right to submit an **erroneous data appeal on the basis of disputed data** if the school is subject to sanctions after the release of the official cohort default rates.¹

What if a school does not challenge inaccurate draft data?

If a school fails to challenge inaccurate data in the draft loan record detail report, it may NOT challenge the inaccurate data at any other time.

In addition, under the Department's regulations, a school subject to consequences associated with its official cohort default rates will lose its right to submit an erroneous data appeal on the basis of disputed data if the inaccuracies in question were present in the draft cohort default rate data, but the school failed to submit a challenge of those inaccuracies during the opportunity provided immediately following the release of the draft cohort default rate data.²



Even if a school does NOT challenge any inaccurate draft data immediately following the release of the draft cohort default rate data, the school's official cohort default rate may be **different** from the school's draft cohort default rate since the National Student Loan Data System (NSLDS) is regularly updated with new information from several sources. These changes are referred to as **new data** in the official cohort default rate. Beginning with the release of the FY 1998 official cohort default rates, new data may be addressed by all schools.

For additional information on addressing new data, refer to the *Cohort Default Rate Guide*, which will be mailed to schools with the FY 1999 official cohort default rates.

¹ 34 CFR Section 668.17(j)(3)(v). 64 Federal Register 58974-58981 (November 1, 1999) (Preamble to Final Rule).
² Id.

What is inaccurate data?

The term "inaccurate data" refers to information in a school's loan record detail report that is incorrect. Inaccurate data can also be loan information that was incorrectly excluded from the loan record detail report.

Inaccurate data may be identified if, in reconciling a school's draft loan record detail report against the school's records and information from outside sources, the school discovers that:

- ◆ a student is **reported incorrectly** in the cohort default rate calculation;
- AND/OR
- ◆ a student was **incorrectly omitted** from the calculation.

What should a school do if it believes there are inaccuracies in its draft data?

If a school believes there are inaccurate data in the draft cohort default rate data, it should submit a draft data challenge to the entity responsible for the loan. The entity responsible for the loan is identified by the guarantor/servicer code that is reported on the loan record detail report for the loan in question.



The entities identified by the **guarantor/servicer codes** in the loan record detail report includes guaranty agencies, the Department's Default Management office, and the Department's Direct Loan servicer. "Appendix A" identifies the entity associated with each guarantor/servicer code as shown on page 49.

Please refer to the "Timing and Submitting" portion of this section for detailed information on submitting a draft data challenge.

What role does a guaranty agency have in a school's draft data challenge?

A guaranty agency is required to respond to a school's timely submitted draft data challenge for those FFEL Program loans for which the agency currently maintains the guaranty.³



A listing of the codes for the guaranty agencies and the addresses to send the draft data challenges is provided in "Appendix A."

Q. If a loan is considered in default due to the default of a consolidation loan, to which entity should the school submit its challenge – the entity that guaranteed/originated the original loan or the entity that guaranteed/originated the consolidated loan?

A. If the school is challenging the date the original loan entered repayment, it should address its challenge to the entity identified by the guarantor/servicer code on the loan record detail report for the original loan. If the school is challenging the default status of the consolidation loan, it should address its challenge to the entity identified by the guarantor/servicer code on the loan record detail report for the consolidated loan.

The same entity is not always responsible for both loans.

³ 34 CFR Section 668.17(j)(3)(ii). 64 Federal Register 58974, 58981 (November 1, 1999) (Preamble to Final Rule)

The agency must respond to the school's draft data challenge request within **30 calendar days** of receiving the request. If the guaranty agency does not respond within **30 calendar days**, the school should advise the Department's Default Management office in writing of the delay.



In its response to a school's request, the guaranty agency will address each of the school's allegations of inaccurate data. However, the guaranty agency is **NOT** required to respond to a draft data challenge if the 45 calendar day time frame for a school to submit such requests has expired.

Please refer to the "Information for Guaranty Agencies on Challenges" section beginning on page 123 for more information on guaranty agency responsibilities and the "Timing and Submitting" portion of this section beginning on page 86 for more information on the time frames associated with draft data challenges.

What role does the Department have in a school's draft data challenge?

The Department is responsible for responding to a school's draft data challenge if the challenge includes allegations regarding FFEL Program loans currently held by the Department and/or Direct Loan Program loans.

- ◆ The **Department's Default Management office** is responsible for responding to schools' inquiries regarding **FFEL Program loans that are currently held by the Department**. These loans are identified in the loan record detail report with a guarantor/servicer code of **555**. The address to submit a draft data challenge to the Department's Default Management office is provided in "Appendix A."
- ◆ The **Department's Direct Loan servicer** is responsible for responding to schools' inquiries regarding **ALL Direct Loan Program loans**. These loans are identified in the loan record detail report with a guarantor/servicer code of **0101**. The address to submit a draft data challenge to the Department's Direct Loan servicer is provided in "Appendix A."



Even though the **Current Lender/ Servicer/Holder** code for defaulted Direct Loan Program loans is **555**, ALL inquiries regarding Direct Loan Program loans must be directed to the Direct Loan servicer.

The Department also reviews guaranty agency responses to schools' draft data challenges to ensure that the responses are correct. If the Department determines that the guaranty agency responses are not correct, the Department will notify the guaranty agency and the school prior to the release of the official cohort default rates that the guaranty agency's responses were incorrect and will provide the correct responses. The Department will instruct the guaranty agency to resubmit the corrected data to NSLDS and will inform the school that if the guaranty agency fails to make the corrections prior to the release of the official cohort default rates, the Department will make the corrections after the official cohort default rates are calculated.

What if a school's draft data challenge is sent to the wrong entity?

If a school submits a draft data challenge to the wrong entity, the draft data challenge will NOT be reviewed and the school could miss the deadline for challenging the draft data.

A draft data challenge should be submitted to the entity responsible for the loan. The entity responsible for a loan is identified by the **guarantor/servicer code**, which is provided for each loan on the school's loan record detail report. Please refer to page 49 of the "Loan Record Detail Report" section for information on the location of the guarantor/servicer code on the loan record detail report. Guaranty agency/servicer contact information is listed numerically and alphabetically in "Appendix A." A school should submit a draft data challenge to the addresses listed in "Appendix A."



A school should only send its draft data challenge to the Department's Default Management office if the school is challenging FFEL Program loan data included in the loan record detail report with a guarantor/servicer code of 555.

What types of allegations may a school submit as a part of a draft data challenge?

The following are examples of various types of allegations of inaccurate data a school may submit as a part of its draft data challenge.

◆ Borrower is missing from cohort default rate calculation

If a school believes that a borrower was incorrectly excluded from the cohort default rate calculation, it should include documentation in its challenge to prove the borrower's last day of attendance and the correct date entered repayment, along with proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency/Direct Loan servicer or the National Student Loan Data System (NSLDS), as required.

Please refer to page 20 of the "Cohort Default Rate Calculation" section for information on which borrowers should be included in the cohort default rate calculation and page 50 of the "Loan Record Detail Report" section for information on identifying how borrowers are used in the cohort default rate calculation.

◆ Loan duplicated in cohort default rate calculations

If a school believes that the same loan is reported in two different years of cohort default rate calculations, it should include documentation in its challenge to prove the borrower's last day of attendance and the correct date entered repayment, as well as proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency/Direct Loan servicer or NSLDS, as required. In addition, the school should provide the pages of the loan record detail reports from the two separate years of cohort default rate calculations to demonstrate that the loan was duplicated.

Q. If a loan is considered in default due to the default of a consolidation loan, to which entity should the school submit its challenge – the entity that guaranteed/originated the original loan or the entity that guaranteed/originated the consolidation loan?

A. If the school is challenging the date the original loan entered repayment, it should address its challenge to the entity identified by the guarantor/servicer code on the loan record detail report for the original loan. If the school is challenging the default status of the consolidation loan, it should address its challenge to the entity identified by the guarantor/servicer code on the loan record detail report for the consolidation loan.

The same entity is not always responsible for both loans.

Please refer to the "Special Circumstances Affecting How Cohort Default Rates Are Calculated" chart on page 25 of the "Cohort Default Rate Calculation" section for information on multiple loans for one borrower and page 50 of the "Loan Record Detail Report" section for information on identifying how borrowers are used in the cohort default rate calculation.

◆ **Loan reported with an incorrect date entered repayment**

If a school believes that the date entered repayment for a loan listed on the loan record detail report is incorrect, it should include documentation in its challenge to prove the borrower's last day of attendance and the correct date entered repayment, as well as proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency/Direct Loan servicer or NSLDS, as required.

Please refer to page 20 of the "Cohort Default Rate Calculation" section for information on determining the correct date entered repayment and page 48 of the "Loan Record Detail Report" section for information on the location of the date entered repayment on the loan record detail report.

◆ **Borrower received an insufficient grace period or delinquency period**

If a school believes that a borrower received an insufficient grace period or delinquency period, the school should determine if the borrower's date entered repayment and/or claim paid date for FFEL Program loans and/or default date for Direct Loan Program loans are correct. If the date entered repayment and/or claim paid date/default date are incorrect, the school should include documentation in its challenge to prove the correct date entered repayment and/or claim paid date/default date and, in the case of the date entered repayment, proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency/Direct Loan servicer or NSLDS, as required.

Please refer to pages 20 through 32 of the "Cohort Default Rate Calculation" section for information on calculating the date entered repayment and for information on the parameters of the claim paid date/default date, and page 48 of the "Loan Record Detail Report" section for information on the location of the date entered repayment and claim paid date/default date on the loan record detail report.

◆ **Loan incorrectly converted using date-specific and/or month-specific methodology**

If the school believes a lender failed to use date-specific methodology to convert an FFEL Program loan into repayment, the school should submit the allegation as a part of its challenge. The school should include documentation in its challenge to prove the borrower's last day of attendance and the correct date entered repayment, as well as proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency or NSLDS, as required.

Please refer to page 20 of the "Cohort Default Rate Calculation" section for information on calculating the date entered repayment and page 48 of the "Loan Record Detail Report" section for information on the location of the date entered repayment on the loan record detail report.

◆ **Federal SLS loan and FFEL Program Stafford loan entered repayment at different times**

If a school believes a Federal SLS loan and an FFEL Program Stafford loan, with different repayment dates, were given during the same period of continuous enrollment and should have the same repayment dates, the school should include documentation in its challenge to prove that the loans have different repayment dates and documentation demonstrating that the loans were given during the same period of continuous enrollment.

Please refer to page 21 of the "Cohort Default Rate Calculation" section for information on how to determine the repayment dates for Federal SLS and FFEL Stafford loans given during the same period of continuous enrollment and page 48 of the "Loan Record Detail Report" section for information on the location of the date entered repayment on the loan record detail report.

◆ **Cancelled loans included in the cohort default rate calculation**

If a school believes that a loan included in the cohort default rate calculation has been cancelled, it should include documentation in its challenge to prove that the loan was never disbursed or was fully refunded within 120 days of disbursement.

Please refer to the "Special Circumstances Affecting How Cohort Default Rates Are Calculated" chart on page 29 of the "Cohort Default Rate Calculation" section for information on the exclusion of cancelled loans from the cohort default rate calculation and page 50 of the "Loan Record Detail Report" section for information on identifying how borrowers are used in the cohort default rate calculation.

◆ **Discharged loans included as defaulted loans in the cohort default rate calculation**

If a school believes that a loan reported as a defaulted loan in the cohort default rate calculation was discharged due to death, bankruptcy, and/or disability PRIOR to defaulting, it should include documentation in its challenge to prove that the loan was discharged prior to defaulting and proof that the lender/guaranty agency/Direct Loan servicer was timely notified of the incident that resulted in the discharge.

Please refer to the "Special Circumstances Affecting How Cohort Default Rates are Calculated" chart on pages 27 and 28 of the "Cohort Default Rate Calculation" section for information on the exclusion of discharged loans due to death, bankruptcy, and/or disability from the cohort default rate calculation and page 50 of the "Loan Record Detail Report" section for information on identifying how borrowers are used in the cohort default rate calculation.

◆ **Defaulted loan was repurchased by the lender**

If a school believes that a defaulted loan was repurchased by the lender and should be removed from the cohort default rate calculation, the school should determine why the loan was repurchased.

- ❖ If the loan was repurchased by the lender because the guaranty agency determined that the lender failed to meet the insurance requirements, the loan is an **uninsured loan** and should not be included in the cohort default rate calculation. A school should request that the loan be completely removed from the cohort default rate calculation.
- ❖ If the loan was repurchased following the payment on a claim because the lender incorrectly submitted the loan to the guaranty agency and the lender **immediately** requested the loan be returned and a subsequent claim was not paid on the loan within the cohort period in question, the loan should not be included in the numerator of the cohort default rate calculation. The school should request that the loan be removed from the numerator of the cohort default rate calculation.

- ❖ If the loan was repurchased following the payment of a claim because the borrower established a **new payment plan** and was making payments or if the lender/servicer simply requested the repurchase (i.e., a courtesy repurchase), the school should request that the loan be removed from the numerator of the cohort default rate calculation **ONLY** if the loan was **successfully rehabilitated** in accordance with the criteria described in the footnote of the "Special Circumstances Affecting How Cohort Default Rates are Calculated" chart on page 30 in the "Cohort Default Rate Calculation" section.

Please refer to the "Special Circumstances Affecting How Cohort Default Rates are Calculated" chart on pages 31 and 32 of the "Cohort Default Rate Calculation" section for information on repurchased loans, and page 50 of the "Loan Record Detail Report" section for information on identifying how a loan is used in the cohort default rate calculation.

◆ **Direct Loan counted as in default due to income-contingent repayment (ICR) plan negative amortization status** *(for non-degree granting proprietary schools only)*

Q. Does the ICR plan negative amortization status, resulting in defaulted loans apply to all schools?

A. No. The ICR plan negative amortization status, resulting in defaulted loans **ONLY** applies to non-degree granting proprietary schools and in addition, **ONLY** the Direct Loan servicer is involved.

If a loan has been included as a defaulted loan in the cohort default rate calculation with a claim reason code of "IN" (see page 23 describing the treatment of certain loans in repayment under the Direct Loan Income Contingent Repayment (ICR) plan as defaulted), the school should include that loan in its draft data challenge. By including the loan in its challenge, the school is asking the Direct Loan servicer to verify that the criteria for including the loan as defaulted have been met. If the Direct Loan servicer concludes, based on its review, that the loan's status has been determined accurately, and the loan meets the criteria to be counted as a defaulted loan, the Direct Loan servicer will send the school the loan's ICR repayment record. The school then reviews that record and, if it disagrees or questions the Direct Loan servicer's determination, the school may request clarification from the Direct Loan servicer under the procedures described on page 90.

Please refer to page 23 of the "Cohort Default Rate Calculation" section for the inclusion of Direct Loans counted as default because of ICR repayment plans resulting in negative amortization; pages 48 and 50 of the "Loan Record Detail Report" section for information on identifying the loan's claim reason code and identifying how a loan is included in the cohort default rate calculation; and, the "Timing and Submitting" portion of this section beginning on page 86 for more information on this process.

Listed above are some, but not all, of the allegations a school may identify.



If the documentation submitted by the school as a part of its draft data challenge allegations was never originally submitted to the guaranty agency/Direct Loan servicer or lender, or was not submitted in a timely manner, the guaranty agency/Direct Loan servicer may respond that the data in question was determined based on the best information available at the time, and, as a result, for cohort default rate purposes, no change is warranted.

How can a draft data challenge affect a school's official cohort default rate?

If, as a result of a draft data challenge, it is determined that the cohort default rate data is inaccurate, and the entity responsible for the inaccurate data correctly agrees to make a change to the school's cohort default rate data, the school's official cohort default rate should reflect the change correctly agreed to in the draft data challenge process. The change to the cohort default rate data may **lower, raise, or not affect** any of a school's three most recent official cohort default rates.



If the agreed upon changes are not reflected in the official cohort default rate, a school may submit a request for adjustment after the release of the official cohort default rates.

Please refer to the next *Cohort Default Rate Guide*, which will be released with the FY 1999 official cohort default rates for additional information on this process.

TIMING AND SUBMITTING

How does a school submit a draft data challenge?

Timing is critical when submitting a draft data challenge.



Time frames may overlap. Read ALL steps.



Please refer to page 93 for an example of inaccurate data.

Q. How does a school determine which entity is responsible for responding to a school's allegation regarding a specific loan?

A. The entity represented by the guarantor/servicer code on the loan record detail report for the loan in question is responsible for responding to the allegation.

Please refer to page 49 of the "Loan Record Detail Report" section for detailed guidance on locating the guarantor/servicer code on the loan record detail report.

The names and addresses of the entities identified by the guarantor/servicer code can be found in "Appendix A."

Step 1: Within **45 calendar days⁴** of receipt of the hardcopy draft cohort default rate data, **review the draft loan record detail report to determine if:**

- ◆ a student is **reported incorrectly** in the draft cohort default rate calculation;

AND/OR

- ◆ a student was **incorrectly omitted** from the draft cohort default rate calculation.

Please refer to page 76 for a definition of inaccurate data and pages 79 through 85 for types of allegations a school may identify.

Step 2: Within the time frames described in Step 1 (i.e., within 45 calendar days of receipt of the hardcopy draft cohort default rate data), **prepare a draft data challenge for each guarantor/servicer code identified on the loan record detail report for which the school alleges errors.**

A challenge **MUST** include the following items:

- ◆ A **letter** on the school's letterhead addressed to **each appropriate entity** responsible for responding to a school's allegation regarding a loan for which the school alleges errors.

⁴ 34 CFR 668.17(j)(3)(i). 64 Fed. Reg. 58974, 58981 (November 1, 1999) (Preamble to Final Rule)

This letter should include –

- ❖ the school's **OPE ID** number;
- ❖ a **statement** indicating that the school is submitting a draft data challenge;
- ❖ the **fiscal year** to which the draft data challenge applies;

AND

- ❖ a **signature** by the school's President/CEO/Owner followed by a signature block providing the signer's name and job title.



Complete a separate letter for **each appropriate entity** responsible for responding to a school's allegation regarding a loan.

- ◆ A **spreadsheet** that lists the inaccurate data associated with each entity responsible for responding to the draft data challenge.

Record all inaccurate data on the **FY 1999 Draft Data Challenge spreadsheet**.

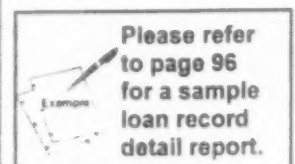
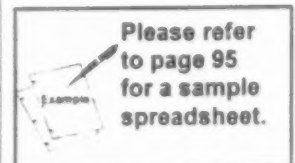
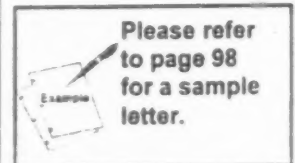


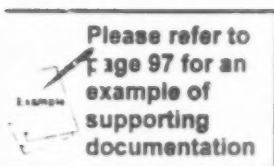
Complete a separate spreadsheet for **each appropriate entity** responsible for responding to a school's allegation regarding a loan.

- ◆ Copies of the appropriate pages from the relevant **loan record detail report(s)**.

Each allegation must be accompanied by **at least one page** of a loan record detail report.

- ❖ Include the page of the loan record detail report where the borrower appears or where the borrower should appear. Provide both pages of the loan record detail report if the borrower belongs at the end of one page or at the beginning of the next page.





- ❖ If the borrower is being moved from one cohort period to another, include the page of the loan record detail report where the borrower currently appears and the page of the loan record detail report where the borrower should appear.

◆ Relevant **supporting documentation** including, but not limited to:

- ❖ a signed and dated copy of a **letter** to the relevant lender, guaranty agency, and/or servicer that informs the entity of the student's last date of attendance and proof that the letter was timely submitted;

AND/OR

- ❖ a copy of a **cancelled check**, front and back, or other documentation showing that the borrower's loan was cancelled in-full within 120 days of disbursement by the lender;

- ❖ a signed and dated copy of a **Student Status Confirmation Report (SSCR)** sent to a guaranty agency that confirms the student's last date of attendance and proof that the SSCR was timely submitted;

AND/OR

- ❖ a screen print from the SSCR function within **NSLDS** that confirms the student's last date of attendance was timely recorded within NSLDS.

Step 3: Within the time frames described in Step 1 (i.e., within 45 calendar days of receipt of the hardcopy draft cohort default rate data), **submit the draft data challenge(s) to the appropriate entity(ies)** responsible for responding to the allegations of inaccurate data, as identified by the guarantor/servicer code on the loan record detail report.

When submitting a draft data challenge to an entity, please refer to the addresses in "Appendix A."

The Department recommends that the school submit its completed draft data challenge on school letterhead, with the spreadsheet, the loan record detail report information, and supporting documentation described in Step 2. The challenge should be compiled in a single tabbed binder and mailed return receipt requested or via overnight courier delivery to the appropriate entity.

A school should maintain copies of all draft data challenge cover letters, spreadsheets, loan record detail reports, and supplemental documents included in a school's draft data challenge(s). The Department recommends that the school also maintain documentation verifying receipt by the appropriate entity(ies) of all draft data challenge material.



Note

If a school does not meet the **45 calendar day** time frame for submitting a draft data challenge, the school's draft data challenge will not be reviewed.

The recommended tabs and materials for a draft data challenge are listed on the next page.



Note

Draft data challenges are **NOT** sent to the Department's Default Management office **UNLESS** the school is challenging an FFEL Program loan that is currently held by the Department (i.e., an FFEL Program loan with a guarantor/servicer code of 555 found in the loan record detail report.)

The entity must respond to a school's draft data challenge within 30 calendar days of receiving the school's draft data challenge response.

Due date for submitting the challenge to the Department.

Q. If an entity disagrees with a school's allegations, will it provide supporting documentation to support its decision?

A. Yes. Anytime an entity disagrees with a school's allegation, it will provide, in its response, supporting documentation to support its decision.

In addition, the Direct Loan servicer will include, in its draft data challenge response, *for non-degree granting proprietary schools only*, a copy of the ICR repayment record if the Direct Loan servicer verifies that the loan is correctly considered in default.



If the Direct Loan servicer verifies, in its draft data challenge response, that the loan is **correctly considered in default** under the income contingent repayment plan, the Direct Loan servicer will send the borrower's ICR repayment record to the school.

However, if the Direct Loan servicer concludes that the loan **should NOT be considered in default** under the income contingent repayment plan, the Direct Loan servicer will NOT send the school the borrower's ICR repayment record to the school.

Please note that this is a new process only for **non-degree granting proprietary schools** and only with the **Direct Loan servicer**.

Step 4: Submit any subsequent inquiries to the appropriate entity within **5 working days** of the receipt of the entity's initial response and send a copy of the subsequent inquiry letter to the Department.



Subsequent inquiries are not an opportunity for a school to provide additional supporting documentation or to submit additional allegations. The inquiries are allowed solely for a school to gain clarification based on information that was timely submitted as a part of the draft challenge process.

The entity must respond to a school's subsequent inquiry within **5 working days** of receiving the school's subsequent inquiry.

BEST COPY AVAILABLE

The following should be sent to each entity responsible for responding to a school's draft data challenge.

The section behind Tab 1 contains:

Tab 1

A **letter** on the school's letterhead with—

- ◆ the school's **OPE ID** number.
- ◆ a **statement** indicating that the school is submitting a draft data challenge.
- ◆ the **fiscal year** to which the draft data challenge applies.

AND

- ◆ the **signature** of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title

Please refer to page 98 for the **FY 1999 Draft Data Challenge** sample letter

The section behind Tab 2 contains:

Tab 2

A list, in **spreadsheet** format, of the school's alleged data errors in the draft cohort default rate



Fill out a separate spreadsheet for each entity responsible for responding to one or more draft data challenge allegations

Please refer to pages 94 and 95 for a sample spreadsheet and detailed instructions on how to create the **FY 1999 Draft Data Challenge** spreadsheet

The section behind Tab 3 contains:

Tab 3

Relevant pages of pertinent **loan record detail reports**

Please refer to pages 87 and 88 for information on which pages of loan record detail reports should be included as a part of the challenge

The section behind Tab 4 contains:

Tab 4

Relevant **supporting documentation**

Please refer to page 88 for information on the types of supporting documentation that should be included as a part of the challenge



The Department recommends that a school send all challenge correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its challenge. A school should maintain the documentation which verifies the receipt of the challenge related material. In addition, a school should retain copies of all documentation submitted as a part of the challenge process.

PART II: Examples and Sample Material

Part II of the "Draft Data Challenge" section outlines a situation in which a school would benefit from submitting a draft data challenge. This part also provides sample material that should be referenced by a school when compiling the material that must be submitted by a school during the draft data challenge process.

CONTENT REFERENCE FOR PART II

EXAMPLE of a situation that warrants the submission of a Draft Data Challenge	93
Draft Data Challenge SPREADSHEET INSTRUCTIONS	94
Sample Draft Data Challenge SPREADSHEET	95
Sample LOAN RECORD DETAIL REPORT	96
Sample Draft Data Challenge SUPPORTING DOCUMENTATION	97
Sample Draft Data Challenge LETTER	98

EXAMPLE of a situation that warrants the submission of a Draft Data Challenge

After receiving its FY 1999 draft cohort default rate data, Electrical Training Institute found two inaccuracies between its records and the information shown on the FY 1999 draft loan record detail report. One alleged error was based on an FFEL Program loan currently held by the State Guaranty Agency. The other alleged error was based on a Direct Loan Program loan. Because different entities were responsible for responding to the allegations based on the loans in question, Electrical Training Institute prepared two separate draft data challenges, one for the State Guaranty Agency and one for the Direct Loan servicer.

Draft Data Challenge for the State Guaranty Agency

Within 45 calendar days of receiving its FY 1999 draft cohort default rate data, the school

- ◆ reviewed the draft loan record detail report (please refer to the Sample LOAN RECORD DETAIL REPORT on page 96) and determined that an **inaccuracy** occurred:

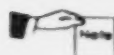
According to Electrical Training Institute's records and information from outside sources, both of David Smith's loans are incorrectly included in both the numerator and denominator of the FY 1999 cohort default rate. Electrical Training Institute's records show that David had two Stafford loans guaranteed by State Guaranty Agency, his last date of attendance was November 12, 1997, his date entered repayment was May 13, 1998, and he entered repayment during the FY 1998 cohort period. Because, according to the school's records, David entered repayment in the FY 1998 cohort period and did not default within the FY 1998 cohort period, Electrical Training Institute believes the loan should be removed from the FY 1999 cohort default rate calculation and counted in the denominator of the FY 1998 cohort default rate calculation.
 - ◆ prepared a SPREADSHEET that outlined the inaccuracies associated with David's loan (please refer to the Sample Draft Data Challenge SPREADSHEET on page 95).
 - ◆ made a copy of the page of the FY 1999 **Draft** LOAN RECORD DETAIL REPORT demonstrating that the loan was included in the FY 1999 draft cohort default rate data and made a copy of the page from the FY 1998 **Official** LOAN RECORD DETAIL REPORT demonstrating that the loan was not included in the FY 1998 cohort default rate calculation (please refer to the Sample LOAN RECORD DETAIL REPORTS on page 96).
 - ◆ made copies of the SUPPORTING DOCUMENTATION, which included a copy of the letter sent to the State Guaranty Agency notifying the agency of David's last date of attendance and a copy of the certified receipt verifying that the letter was timely mailed (please refer to the Sample SUPPORTING DOCUMENTATION on page 97).
- AND
- ◆ prepared a LETTER to State Guaranty Agency for its draft data challenge (please refer the Sample Draft Data Challenge LETTER on page 98)

On February 2, 2001, Electrical Training Institute then mailed the Draft Data Challenge MATERIAL via overnight courier to the State Guaranty Agency at the address found in "Appendix A."

Draft Data Challenge SPREADSHEET INSTRUCTIONS

100

Record all loans being challenged with the relevant entity identified by the guarantor/servicer code on the loan record detail report using a spreadsheet software application such as Excel or Lotus 1-2-3.

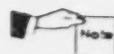


Fill out a separate spreadsheet for each entity responsible for responding to one or more draft data challenge allegations.

The spreadsheet should be printed on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

Header: Enter FY 1999 Draft Data Challenge in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, the guarantor/servicer code and guaranty agency/Direct Loan servicer name associated with the allegation, and the number of borrowers and loans associated with the borrowers on the list.

Footer: Enter the date in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: page 1 of 10 pages.



Only the allegations listed on the school's spreadsheet will be reviewed. If a borrower has multiple loans that may contain inaccuracies, a school must enter data for each loan for the borrower.

On Row 1, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet. Ensure that column names appear at the top of each page.

On Row 2 and below, include the following data for each loan for which the school is challenging.



A school should enter dates on the spreadsheet based on the school's records. A school should NOT include dates based on the loan record detail report or guaranty agency and/or Direct Loan servicer if it believes those dates are incorrect.

- Column 1:** Enter the borrower's Social Security number (SSN) using hyphens to separate the numbers (for example, 000-00-0000).
- Column 2:** Enter the borrower's name.
- Column 3:** Enter the number and type of loan(s). Use the following codes:

Loan Type Codes	
Code	Description
D1	Direct Subsidized Loan
D2	Direct Unsubsidized Loan
SF	FFEL Subsidized Stafford Loan
SL	Supplemental Loans for Student Loans
SU	FFEL Unsubsidized Stafford Loan

- Column 4:** Enter MM/DD/CCYY (month, day and year) to identify the earlier date of the student's LDA (last date of attendance) or the LTH (less-than-half-time) according to the school's records and outside sources.
- Column 5:** Enter MM/DD/CCYY to identify the DER (date the loan entered repayment) according to the school's records and outside sources.
- Column 6:** Enter MM/DD/CCYY or MM/CCYY to identify the CPD (claim paid date), DD (default date), or ICRD (Income Contingent Repayment date) according to the school's records and outside sources.
- Column 7:** Enter the fiscal year(s) of the cohort default rate(s) which may be changed as a result of the data correction.
- Column 8:** Enter N (numerator), D (denominator), or B (both numerator and denominator), accompanied by a plus or minus sign (such as +D or -D) to show how the school believes the information will affect the cohort default rate calculation.
- Column 9:** Enter any comments.
- Column 10:** Enter the appropriate guarantor/servicer code found on the loan record detail report. Each spreadsheet should only contain loans for a single entity that is responsible for responding to draft data challenges.

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Electrical Training Institute
 OPE ID Number 111111
 Guarantor/servicer code 111
 State Guaranty Agency
 Number of borrowers 1
 Number of loans 2

FY 1999 Draft Data Challenge

Note: This is a sample spreadsheet. See instructions on the previous page.

1. Student's SSN	2. Student's Name	3. Number and type of loan(s) (Use codes from instructions)	4. Earlier of LDA or LTH (MM/DD/CCYY)	5. Date entered repayment (DER) (MM/DD/CCYY)	6. CPD, DD, ICRD, or N/A (MM/DD/CCYY) or (MM/DD/CCYY)	7. FY(s) appl	8. Effect on CDR calc. (N/D or B)	9. Comments	10. GA/ Servicer Code
333-33-3333	David Smith	1 SF	11/12/1997	05/13/1998	09/05/2000	FY 1999 FY 1998	-B +D	Borrower was incorrectly included and should be removed from the B of the FY 1999 calculation and added to the D of the FY 1998 calculation	111
333-33-3333	David Smith	1 SU	11/12/1997	05/13/1998	09/05/2000	FY 1999 FY 1998	-B +D	Borrower was incorrectly included and should be removed from the B of the FY 1999 calculation and added to the D of the FY 1998 calculation	111

Sample Draft Data Challenge SPREADSHEET for Each Relevant Entity

Information for Schools on Challenges

Draft Data Challenge

2/2/2001

Send to the relevant entity as identified by the guarantor/servicer code on the loan record detail report at the address shown in "Appendix A"

Page 1 of 1 page

DRAFTU.S. DEPARTMENT OF EDUCATION
NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)

RATE CALCULATION DATE: 12/16/2000

PAGE NO: 1

COHORT YEAR 1999 DRAFT LOAN RECORD DETAIL REPORT (SCHOOL)

Attention: ROBERT YOUNG
 Name: ELECTRICAL TRAINING INSTITUTE
 Address: 1234 MAIN STREET
 City: LEONARDTOWN
 Country: USA

Organization ID Number: 11111100

State: WI

Postal Code: 12345-6789

Program Type: FFEL/DL

Years: 1

STUDENT		Original		CLASS		Academic			
SSN	Last name	First/M.I.	D.O.B	School	Begin Date	End Date	Level		
0 - LENDER/SERVICER/HOLDER- Originating Current	Loan - Type Stat	Claim Rsn/ Code	DEFAULT/ NegAm Date	Repay Date	Amount	Guarantor/ Servicer	Guaranty Loan/Date	Enrollment Stat/ Code Date	Usage 1 2
0222-22-2222 LEE 0101 555	D1 DU	IX	02/20/2000	MISSY 10/01/1998	\$ 3,000	10/21/1991 11111100 0101 09/30/1997	08/25/1997	05/11/1998	2 DB
0333-33-3333 SMITH 8000040000 8000040000	SF DU	DF	09/05/2000	DAVID 05/16/1999	\$ 2,625	10/21/1977 11111100 111 08/25/1998	08/25/1998	05/11/1999	1 FB
0333-33-3333 SMITH 8000040000 8000040000	SU DU	DF	09/05/2000	DAVID 05/16/1998	\$ 2,625	10/21/1977 11111100 111 08/25/1998	08/25/1998	05/11/1999	1 E

Sample LOAN RECORD DETAIL REPORTS

OFFICIALU.S. DEPARTMENT OF EDUCATION
NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)

RATE CALCULATION DATE: 08/12/2000

PAGE NO: 1

COHORT YEAR 1998 OFFICIAL LOAN RECORD DETAIL REPORT (SCHOOL)

Attention: ROBERT YOUNG
 Name: ELECTRICAL TRAINING INSTITUTE
 Address: 1234 MAIN STREET
 City: LEONARDTOWN
 Country: USA

Organization ID Number: 11111100

State: WI

Postal Code: 12345-6789

Program Type: FFEL/DL

Years: 1

STUDENT										Program Type: PFEL/DL		Years: 1	
SSN	Last name			First/M.I.			D.O.B		Original School	CLASS Begin Date	End Date	Academic Level	
0 - LENDER/SERVICER/HOLDER- Loan - Claim Rsn/ DEFAULT/													
Originating	Current	Type	Stat	Code	NegAm Date	Repay Date	Amount	Guarantor/ Servicer	Guaranty Loan/Date	Enrollment Code	Stat/ Date	Usage 1 2	
0111-11-1111	MAY												
0101	555	D1	DU	IX	07/15/1999	10/21/1997	\$ 3,000	06/12/1975 11111100 0101	08/25/1997 09/30/1997	05/11/1998	12/15/1999	2 DB	
555-55-5555	ANDERSON												
8000040000	8000040000	SF	RP		00/00/0000	06/12/1998	\$ 2,625	11/18/1979 11111100 111	02/13/1997 02/24/1997	09/11/1997	12/01/2000	1 D FD	

David was NOT included in the FY 1998
 official loan record detail report

Information for Schools or Challenges

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Sample Draft Data Challenge Supporting Documentation



Electrical Training Institute
 1234 Wedgewood Lane
 Leonardtown, Wisconsin 12345-6789
 (123) 456-7890

Sample Letter

December 3, 1997

State Guaranty Agency
 Guarantor/Service Code 111
 ATTN: Compliance Officer
 1234 Trueman Road
 Lusby, North Carolina 98765-4321

OPE ID#: 111111

Subject: Updated LDA

Dear Mr. Bowen:

Electrical Training Institute, OPE ID# 111111,
 wishes to inform State Guaranty Agency that
 the last date of attendance for David Smith
 (333-33-3333) is November 12, 1997.

Thank you.

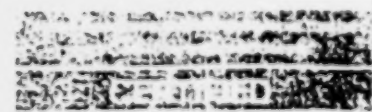
Sincerely,

Robert Young

Robert Young, President

DEC 4 1997
 State Guaranty Agency

DEC 4 1997



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Sample Draft Data Challenge LETTER for Each Relevant Entity**Electrical Training Institute**

1234 Wedgewood Lane
Leonardtown, Wisconsin 12345-6789
(123) 456-7890

February 2, 2001

Sample Letter

State Guaranty Agency
Guarantor/Service Code 111
ATTN: Compliance Officer
1234 Trueman Road
Lusby, North Carolina 98765-4321

OPE ID#: 111111

Subject: FY 1999 Draft Data Challenge

Dear Mr. Bowen:

Electrical Training Institute, OPE ID# 111111, wishes to challenge its
FY 1999 draft cohort default rate data.

Please see the enclosed spreadsheet, loan record detail reports, and
relevant supporting documentation.

Thank you for your consideration.

Sincerely,

Robert Young

Robert Young, President

Enclosures

Participation Rate Index Challenge

This section is divided into two parts. The first part (pages 99 through 116) provides background information on the participation rate index challenge and outlines the process and procedures for submitting a participation rate index challenge. The second part (pages 117 through 122) provides an example of a situation that would warrant the submission of a participation rate index challenge and sample material as it would pertain to a participation rate index challenge.

To understand the participation rate index challenge process, the U.S. Department of Education (Department) recommends that the reader review both parts of this section.

PART I: Background, Process, and Procedures

QUALIFYING

What is a participation rate index?

A participation rate index is the percentage of a school's students that obtain Federal Family Education Loan (FFEL) Program and/or William D. Ford Federal Direct Loan (Direct Loan) Program loans multiplied by the school's cohort default rate.

Please refer to page 107 for a more in-depth discussion on how to calculate a participation rate index.

Which schools are eligible to submit a participation rate index challenge?

Any school, regardless of its cohort default rate, can submit a participation rate index challenge if it can demonstrate that it has a participation rate index equal to or less than 0.0375 for any of the three most recent cohort periods (i.e., FY 1997, FY 1998, and/or FY 1999).

What benefit will a school gain from submitting a participation rate index challenge?

A school that submits a successful participation rate index challenge **will not** be subject to the loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program due to **official** cohort default rates that are equal to or greater than 25.0 percent for the three most recent cohort periods



Only those schools that have (or could have) official cohort default rates that are equal to or greater than 25.0 percent for the three most recent cohort periods will receive any benefit from submitting a participation rate index challenge. Therefore, if a school is not (or could not be) subject to the loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program due to official cohort default rates that are equal to or greater than 25.0 percent for the three most recent cohort periods, the school should **NOT** file a participation rate index challenge. If a school that could not be subject to the loss of FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program due to official cohort default rates that are equal to or greater than 25.0 percent for the three most recent cohort periods files a participation rate index challenge, the Department will not review the school's participation rate index challenge and will return the challenge to the school.

Because a school can submit a participation rate index challenge for either of its two most recent official cohort default rates **AND/OR** its most recent draft cohort default rate, it is not necessary for a school that has submitted a successful participation rate index challenge/appeal for either of its two previous **official** cohort default rates (i.e., FY 1997 and/or FY 1998) to submit a participation rate index challenge based on its FY 1999 draft cohort default rate.

Before the official cohort default rates are released, the Department will automatically identify any school that has submitted a successful participation rate index challenge/appeal based on its most recent draft cohort default rate or either of the two previous cohort periods. These schools will NOT be subject to loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program even if the school's three most recent official cohort default rates are equal to or greater than 25.0 percent. After the release of the official cohort default rates, the Department will also identify schools that submitted unsuccessful participation rate index challenges that would have been successful if based on the school's official cohort default rate, rather than on its draft cohort default rate. These schools will be notified that the school's applicable official cohort default rate will not be used in the future to determine if the school is subject to the loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program.



A successful participation rate index challenge does NOT change a school's official cohort default rate. In addition, a successful participation rate index challenge does NOT prevent the Department from initiating an action to limit, suspend, or terminate a school from all Title IV Student Financial Assistance Programs if the school's **official** cohort default rate is equal to or greater than 40.1 percent.

Which cohort default rate can be used to determine a participation rate index?

A school may submit more than one participation rate index challenge and may choose to base a participation rate index on:

- ◆ either of the school's two most recent **official** cohort default rates [i.e., the FY 1998 and FY 1997 official cohort default rate(s)]
- AND/OR
- ◆ the school's most recent **draft** cohort default rate (i.e., the FY 1999 draft cohort default rate)

Are participation rate index challenges based on a specific period of time?

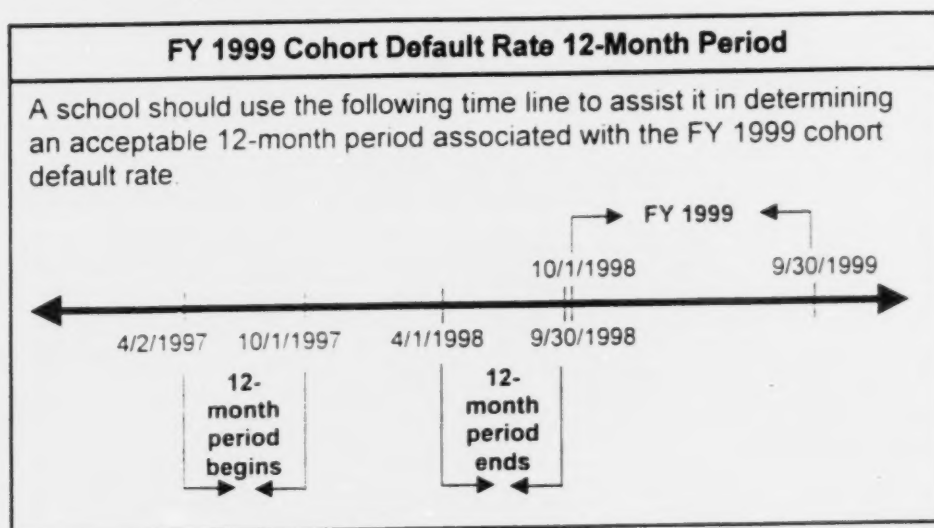
Yes. The school must base the participation rate index challenge on a 12-month period that has ended during the six months immediately preceding the fiscal year for which the cohort of students used to calculate the school's rate is determined.¹

Because a school can choose to submit a participation rate index challenge based on either of its two most recent official cohort default rates AND/OR its most recent draft cohort default rate, the time period will differ based on the cohort period used by the school.

Please refer to the next three pages for a description of acceptable 12-month periods.

¹ HEA Section 435(a)(6)(A)

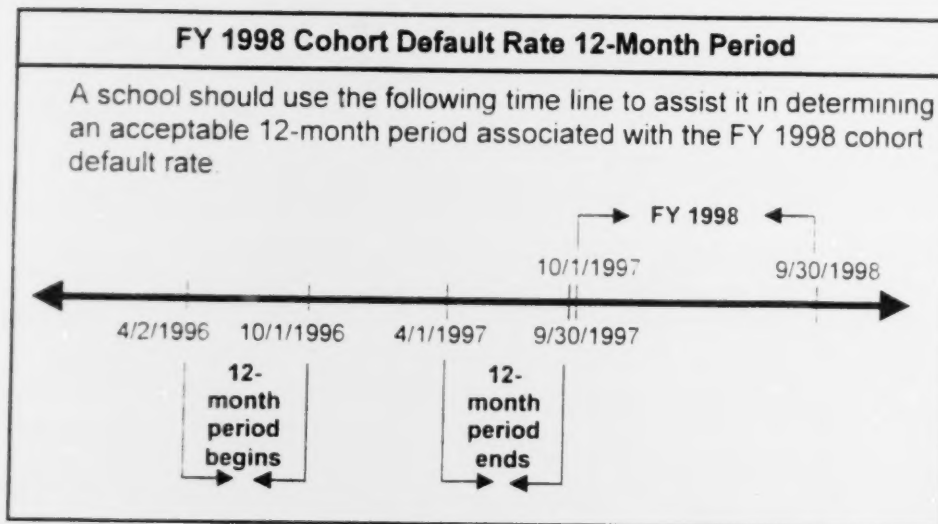
A school's FY 1999 participation rate index challenge must be based on a 12-month period that ends within the six-month period that precedes FY 1999. Since the FY 1999 cohort begins on October 1, 1998, the six-month period preceding FY 1999, is from April 1, 1998 through September 30, 1998. **As a result, the school's 12-month period must end no earlier than April 1, 1998, and no later than September 30, 1998. Therefore, the 12-month period must begin no earlier than April 2, 1997, and no later than October 1, 1997.**



For example:

- Acceptable:** April 2, 1997 to April 1, 1998
- Not Acceptable:** April 1, 1997 to March 31, 1998
- Acceptable:** October 1, 1997 to September 30, 1998
- Not Acceptable:** October 2, 1997 to October 1, 1998

A school's FY 1998 participation rate index challenge must be based on a 12-month period that ends within the six-month period that precedes FY 1998. Since the FY 1998 cohort begins on October 1, 1997, the six-month period preceding FY 1998, is from April 1, 1997 through September 30, 1997. **As a result, the school's 12-month period must end no earlier than April 1, 1997, and no later than September 30, 1997. Therefore, the 12-month period must begin no earlier than April 2, 1996, and no later than October 1, 1996.**



For example:

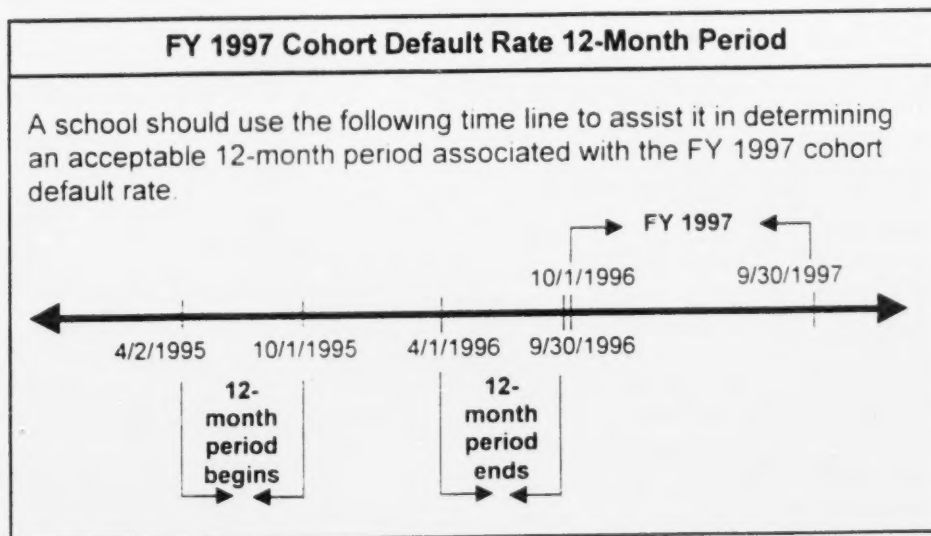
Acceptable: July 1, 1996 to June 30, 1997

Not Acceptable: June 30, 1996 to July 1, 1997



June 30, 1996 to July 1, 1997 is not acceptable because it represents more than a 12-month period. An acceptable 12-month period would be June 30, 1996 through June 29, 1997.

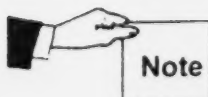
A school that chooses to submit a participation rate index challenge based on its FY 1997 official cohort default rate must select a 12-month period that ends within the six-month period that precedes FY 1997. Since the FY 1997 cohort begins on October 1, 1996, the six-month period preceding FY 1997 is from April 1, 1996, through September 30, 1996. **As a result, the school's 12-month period must end no earlier than April 1, 1996, and no later than September 30, 1996. Therefore, the 12-month period must begin no earlier than April 2, 1995, and no later than October 1, 1995.**



For example:

Acceptable: June 20, 1995 to June 19, 1996

Not Acceptable: June 19, 1995 to June 19, 1996



June 19, 1995 through June 19, 1996 is unacceptable because it represents more than a 12-month period. An acceptable 12-month period would be June 19, 1995 through June 18, 1996.

What happens if a school selects an unacceptable 12-month period?

If a school selects an unacceptable 12-month period, the Department will not review any portion of the school's data and the challenge will be denied and returned to the school.

To discuss whether the school has selected an acceptable 12-month period, contact the Department's Default Management office at (202) 708-9396.

What role does a guaranty agency or Direct Loan servicer have in a school's participation rate index challenge?

None. Neither a guaranty agency nor the Direct Loan servicer has a role in a school's participation rate index challenge. Participation rate index challenges are submitted directly to the Department for review and consideration.

What role does the Department have in a school's participation rate index challenge?

The Department is responsible for determining whether schools meet the established participation rate index challenge criteria.

- ◆ If the Department determines that a school **meets the participation rate index challenge criteria**, the Department will notify the school that the school's participation rate index challenge was successful. In addition, the Department will notify the school that it is **NOT** subject to loss of participation in certain student financial assistance programs even if the schools' three most recent **official** cohort default rates are equal to or greater than 25.0 percent.
- ◆ If the Department determines that a school **does not meet the participation rate index challenge criteria**, the Department will notify the school that the school's participation rate index challenge was not successful and that the school may be subject to loss of participation in certain student financial assistance programs if its three most recent **official** cohort default rates are equal to or greater than 25.0 percent.

How does a school calculate its participation rate index?

The participation rate index is calculated as follows:

the school's relevant cohort default rate	X	number of regular students included in the denominator who received an FFEL Program loan and/or Direct Loan Program loan for a loan period that overlaps the selected 12-month period by at least one day
		number of regular students enrolled on at least a half-time basis during any part of the selected 12-month period

 **Note** A school must select a 12-month period that ends during the six months immediately preceding the fiscal year, which is used to determine the cohort default rate used to calculate its participation rate index. Information on how to select an acceptable 12-month period is provided on pages 102 through 105.



Note

To succeed on a participation rate index challenge, the school must have a participation rate index of 0.0375 or less. Please refer to the next page for an example.

Q. What is a regular student?

A. A regular student is defined as a person who is enrolled, or accepted for enrollment, at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school as defined in 34 CFR Section 600.2.

Example: Welding School's FY 1999 draft cohort default rate is 25.0 percent. Welding School had a total of 200 regular students enrolled on at least a half-time basis during any part of the selected 12-month period. Of those 200 students, 14 borrowers received an FFEL Program loan for a loan period that overlapped the selected 12-month period by at least one day and 12 different borrowers received a Direct Loan Program loan for a loan period that overlapped the selected 12-month period by at least one day. Welding School's participation rate index is calculated as follows:

$$0.250 \times \frac{14 \text{ (FFEL)} + 12 \text{ (DL)} = 26}{200} = 0.0325$$

Which students are included in the denominator of the participation rate index?

To be included in the denominator of the participation rate index, a student must have been —²

Q. If a student has a break in enrollment and leaves school, then returns and begins a new enrollment period, all during the selected 12-month period, which enrollment dates should the school use?

A. A school should list both enrollment periods. However, the student will only be counted once in the participation rate index calculation.

- ◆ a "regular student" (i.e., a student who enrolled, or was accepted for enrollment, at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school);
- ◆ enrolled on at least a half-time basis;
- AND
- ◆ enrolled for at least one day in the 12-month period selected by the school.

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² CFR Section 668.17(c)(1)(ii)(A)

**Note**

A student's **entire** enrollment period does NOT have to fall within the selected 12-month period. A student that enrolled **prior** to the 12-month period but completed/withdrew from the program of study **during** the 12-month period is considered to have been enrolled during the 12-month period. In addition, a student that enrolled **during** the 12-month period but completed/withdrew from the program of study **after** the 12-month period is considered to have been enrolled during the 12-month period. Finally, a student that enrolled **prior** to the 12-month period and continued to be enrolled until **after** the 12-month period is considered to have been enrolled during the 12-month period.

Which borrowers are included in the numerator of the participation rate index?

To be included in the numerator of the participation rate index, the borrower must first be included in the denominator of the participation rate index calculation. If a borrower is included in the denominator of the participation rate index calculation and meets the following conditions, the borrower will also be included in the numerator of the calculation³:

- ◆ the borrower received an FFEL Program and/or Direct Loan Program loan;
- AND
- ◆ the FFEL Program and/or Direct Loan Program loan period overlaps the 12-month period selected by the school by at least one day.

**Note**

If any part of the loan period falls within the 12-month period, the student must be identified and counted as having received a loan.

Q. If a borrower has more than one loan with a loan period that falls during the selected 12-month period, which loan data should a school reference in its appeal?

A. A school should list both loans. However, the borrower will only be counted once in the participation rate index calculation.

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³ HEA Section 435(a)(6)(A)

TIMING AND SUBMITTING

What are the time frames and procedures for submitting a participation rate index challenge?

Timing is critical when submitting a participation rate index challenge.

The following is a step-by-step description of the time frames and procedures associated with a participation rate index challenge.



Time frames may overlap. Read ALL steps.



Please refer to page 119 for an example of a situation that would warrant the submission of a participation rate index challenge.



Please refer to page 121 for an example of the spreadsheet.

Step 1: Within **30 calendar days⁴** of receiving the school's draft cohort default rate, the school must **review this Guide to determine if the school is eligible** to submit a participation rate index challenge.

Please refer to page 100 for a detailed discussion regarding which schools would benefit from submitting a participation rate index challenge.

Step 2: If the school would benefit from submitting a participation rate index challenge, **within the time frame described in Step 1** (i.e., within 30 calendar days of receiving the school's draft cohort default rate), a school must compile a spreadsheet to list and count the students who will be included in the school's participation rate index.

A school should refer to the Participation Rate Index Challenge SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 121 and 120, respectively, to assist in developing the list.

⁴ 34 CFR Section 668.17

**Note**

If a school **does NOT** have any **students that received FFEL Program and/or Direct Loan Program loans** with loan periods that overlap the selected 12-month period, the school does NOT have to submit a Participation Rate Index Challenge SPREADSHEET to the Department. However, the school **MUST** send the Department, within 30 calendar days of receiving the school's draft cohort default rate, a **LETTER** which identifies the school's selected 12-month period and indicates that the school did not have any students that received FFEL Program and/or Direct Loan Program loans with loan periods that overlap the 12-month period in question.

If a school **HAS students that received FFEL Program and/or Direct Loan Program loans** that have loan periods that overlap the school's selected 12-month period, the school must follow the steps outlined in this Guide in order for the Department to consider the school's participation rate index challenge.

A school should provide the following information on the spreadsheet:

- ◆ the school's **name** and **OPE ID** number;
- ◆ the school's **cohort default rate** that will be used to calculate the school's participation rate index;
- ◆ the beginning and ending dates for the **12-month** period on which the school is basing its participation rate index;

**Note**

For information on selecting an acceptable 12-month period, please refer to pages 102 through 105.

Q. What is a regular student?

A. A regular student is defined as a person who is enrolled, or accepted for enrollment, at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school as defined in 34 CFR Section 500.2.

- ◆ the **Social Security numbers**, in numerical order, of all the regular students enrolled on at least a half-time basis during any part of the selected 12-month period;

These are the students that will be included in the **denominator** of the participation rate index calculation.

- ◆ for each Social Security number, list the **student's name**;
- ◆ for each student, provide beginning and ending **enrollment dates** [for all enrollment dates, include the month, day, and year (MM/DD/CCYY)];



Note

If a student was enrolled at the school more than once during the selected 12-month period, list each set of enrollment dates. However, the student will only be counted once in the calculation.

- ◆ if the student **received an FFEL Program and/or a Direct Loan Program loan** with a loan period that overlaps the selected 12-month period, enter the type of loan(s) received (if not, do not make an entry);

These are the borrowers that will be included in **numerator** of the participation rate index calculation.

- ◆ for each borrower with an FFEL Program loan and/or a Direct Loan Program loan identified, provide the beginning and ending dates of the **loan period**;



Note

If the borrower has more than one loan, list the loan periods associated with each loan. However, the borrower is only counted once in the calculation.

Step 3: Within the time frame described in Step 1 (i.e., within 30 calendar days of receiving the school's draft cohort default rate), a school must **calculate its participation rate index**.

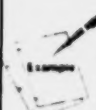
- ◆ Identify the school's relevant cohort default rate.
- ◆ From the Participation Rate Index Challenge SPREADSHEET created in Step 2, count the number of borrowers who received an FFEL Program and/or Direct Loan Program loan during the selected 12-month period and whose loan periods overlap the 12-month period by at least one day. **These are the borrowers who will be included in the numerator of the participation rate index.**
- ◆ From the Participation Rate Index Challenge SPREADSHEET created in Step 2, count the total number of students listed on the spreadsheet. **These are the students who will be included in the denominator of the participation rate index.**
- ◆ Divide the number of borrowers who received an FFEL Program and/or Direct Loan Program loan during the selected 12-month period and whose loan periods overlap the 12-month period by at least one day by the number of students listed on the spreadsheet and multiply the result by the relevant cohort default rate identified by the school. **This is the school's participation rate index.**



For a successful challenge, the school's participation rate index must be 0.0375 or less.



Due date for submitting the challenge to the Department.



Please refer to page 122 for a sample letter.

Step 4:

Within the time frame described in Step 1 (i.e., within 30 calendar days of receiving the school's draft cohort default rate), the school must submit the following to the Department at the address provided on page 116:

- ◆ a letter indicating that the school is submitting its participating rate index challenge.

A school should refer to the format of the Sample Participation Rate Index Challenge LETTER on page 122.

AND

- ◆ the Participation Rate Index Challenge SPREADSHEET created in Step 2

**Note**

Schools are **not** required to submit an independent auditor's attestation to support the school's participation rate index challenge.

The following page provides an overview of the MATERIAL that should be included in a school's participation rate index challenge.

Within 30 calendar days of receiving its draft cohort default rate, the following **MATERIAL**, to support a participation rate index challenge, should be sent to the Department's Default Management office at the address shown on page 116.

The section behind Tab 1 contains:

Tab 1

A LETTER on the school's letterhead with—

- ◆ the school's OPE ID number;
- ◆ a statement indicating that the school is submitting a participation rate index challenge;
- ◆ the relevant cohort default rate on which the challenge is based;

AND

- ◆ the signature of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title.

Schools should refer to the sample Participation Rate Index Challenge LETTER on page 122.

The section behind Tab 2 contains:

Tab 2

A SPREADSHEET of the school's students included in the participation rate index.

Schools should refer to the Sample Participation Rate Index Challenge SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 121 and 120, respectively, to assist in developing the list.

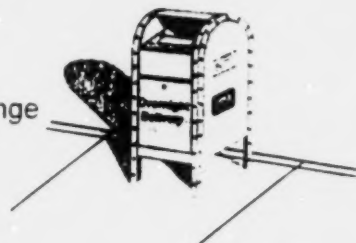


Note

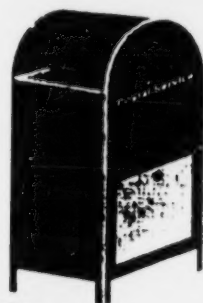
The Department will not consider information submitted after the regulatory deadline. The Department will send the school written notification of its decision.

If sent by commercial overnight mail/courier delivery, send the school's participation rate index challenge to:

U.S. Department of Education
Default Management office
ATTN: Participation Rate Index Challenge
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024



If sent by U.S. Postal Service, send the school's participation rate index challenge to:



U.S. Department of Education
Default Management office
ATTN: Participation Rate Index Challenge
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353



Note

The Department will not accept any challenge correspondence by facsimile (fax) or e-mail.

The Department recommends that a school send all challenge correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its challenge. A school should maintain the documentation which verifies the receipt of the challenge-related material. In addition, a school should retain copies of all documentation submitted as a part of the challenge process.

PART II: Examples and Supporting Material

Part II of the "Participation Rate Index Challenge" section outlines a situation in which a school would benefit from submitting a participation rate index challenge. This part also provides sample material that should be referenced by a school when compiling the material that must be submitted by a school during the participation rate index challenge process.

CONTENT REFERENCE FOR PART II

EXAMPLE of a situation that warrants the submission of a Participation Rate Index Challenge	119
Participation Rate Index Challenge SPREADSHEET INSTRUCTIONS.....	120
Sample Participation Rate Index Challenge SPREADSHEET	121
Sample Participation Rate Index Challenge LETTER.....	122

EXAMPLE of a situation that warrants the submission of a
Participation Rate Index Challenge

Welding School received notification of its FY 1999 draft cohort default rate on January 31, 2001.

Within 30 calendar days of receiving its FY 1999 draft cohort default rate, the school:

- ◆ determined that it was eligible and would benefit from submitting a participation rate index challenge;

The school's FY 1997 official cohort default rate is 27.2 percent and its FY 1998 official cohort default rate is 26.1 percent. In addition, its FY 1999 draft cohort default rate is 25.0 percent. The school believes its participation rate index is below the 0.0375 threshold.

- ◆ selected its FY 1999 draft cohort default rate as the cohort default rate on which its participation rate index would be based (please refer to page 101 for information on which cohort default rates a participation rate index challenge may be based);
- ◆ identified April 2, 1997 through April 1, 1998 as an acceptable 12-month period for its participation rate index calculation (please refer to pages 102 through 105 for information on how to identify an acceptable 12-month period);
- ◆ prepared a SPREADSHEET that lists the students included in its participation rate index calculation (please refer to the Sample Participation Rate Index Challenge SPREADSHEET on page 121);
- ◆ prepared a LETTER to the U.S. Department of Education's Default Management office for its participation rate index challenge (please refer to the Sample Participation Rate Index Challenge LETTER on page 122);

On February 15, 2001, Welding School mailed the MATERIAL associated with its participation rate index challenge return receipt requested to the Department's Default Management office at the address found on page 116.

List and count the students who will be included in the calculation of the school's participation rate index using a spreadsheet software application such as Excel or Lotus 1-2-3. The final printed spreadsheet must be sent to the Department.

The spreadsheet should be printed on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

Header: Enter **Participation Rate Index Challenge based on the FY [insert year] [insert "Draft" or "Official"] Cohort Default Rate** in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, the school's applicable cohort default rate, and the school's selected 12-month period.

Footer: Enter the date the spreadsheet was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: Page 1 of 10.

Sort: The students listed on the spreadsheet should be sorted by the student's Social Security number OR by the student's last name.

On Rows 1, 2, 3, and 4, use the draw tool to draw a rectangle covering lines A1 to E4. Using the text-box tool, draw another box for Box A information. In this box, enter the school's applicable cohort default rate, the number of students who received FFEL Program and/or Direct Loan Program loans (the numerator of the participation rate index listed in Column 4), the number of regular students (the denominator of the participation rate index listed in Column 1), and the school's participation rate index.

On Row 5, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet.

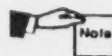
On Row 6 and below, include the following data for each student who is included in the school's participation rate index.

Column 1: Enter the student's Social Security number (SSN) using hyphens to separate the numbers (for example, 000-00-0000) for all of the regular students enrolled on **at least a half-time basis** during any part of the selected 12-month period. (No student will be counted more than once in the calculation.) **These are the students that will be counted in the denominator of the participation rate index.**

Column 2: Enter the student's name.

Column 3: Enter MM/DD/CCYY (month, day, year) to identify the student's beginning enrollment date and ending enrollment date.

Column 4: Enter FFEL or DL if the student received an FFEL Program loan (FFEL) or a Direct Loan Program loan (DL) for a loan period that overlaps with any part of the selected 12-month period. Leave blank if the student did not receive a loan or the loan period does not overlap with any part of the 12-month period.



If any part of the loan period falls within the selected 12-month period, the borrower must be identified and counted as having received a loan during the selected period. These are the borrowers that will be included in the numerator of the participation rate index.

Column 5: If a loan was received, enter MM/DD/CCYY to identify the beginning date and ending date of the loan period. If Column 4 is not filled out, leave this column blank.



If the borrower has more than one loan, list the loan periods associated with each loan. However, the borrower is only counted once in the calculation.

Participation Rate Index Challenge SPREADSHEET INSTRUCTIONS

School Name: Welding School
 OPE ID Number: 000050
 Cohort Default Rate: FY 1999 Draft CDR = 25.0%
 12-Month Period: 4/2/1997-4/1/1998

Participation Rate Index Challenge Based on the FY 1999 Draft Cohort Default Rate

Note: This is a sample spreadsheet. See instructions on the previous page

Information for Schools on Challenges

Sample Participation Rate Index Challenge SPREADSHEET

Box A Applicable Cohort Default Rate 25.0% No. of Borrowers Receiving FFEL/DL loans (reported in column 4) 26 No. of Regular Students (listed in column 1) 200 Participation Rate Index 0.0325				
1. Student's SSN	2. Student's Name	3. Student's enrollment dates (from MM/DD/CCYY to MM/DD/CCYY)	4. If borrower received an FFEL Program loan (FFEL) and/or Direct Loan Program loan (DL) during any part of the 12-month period, enter the type of loan received (FFEL or DL)	5. Beginning dates and ending dates of loan periods for FFEL Program and/or Direct Loan Program loans, if received (from MM/DD/CCYY to MM/DD/CCYY)
111-11-1111	Smith, Jane	3/15/1997-3/10/1998	FFEL	9/30/1997-3/10/1998
222-22-2222	Doe, John	6/16/1997-10/3/1998		

Participation Rate Index Challenge

02/15/2001

[send to U.S. Department of Education's Default
 Management Office at the address located on page 116]

Page 1 of 1

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BEST COPY AVAILABLE

Sample Participation Rate Index Challenge LETTER

**Welding School**

1234 Wedgewood Lane
Leonardtown, Wisconsin 12345-6789
(123) 456-7890

Sample Letter

February 15, 2001

U.S. Department of Education
Default Management Office
Attn: Participation Rate Index Challenge
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

OPE ID#: 000050

**Subject: Participation Rate Index Challenge based on FY 1999
Draft Cohort Default Rate**

Dear Default Management Office:

Welding School, **OPE ID# 000050**, is submitting its participation rate index challenge based on its FY 1999 draft cohort default rate.

Our participation rate index is 0.0325 based on a 12-month period that began on April 2, 1997 and ended on April 1, 1998.

Please see the enclosed spreadsheet.

Thank you for your consideration.

Sincerely,

Larry Travis

Larry Travis,
President

Enclosure

General Information for Guaranty Agencies on Challenges

What role does a guaranty agency have in a school's challenge?

A school may write to a guaranty agency to obtain information to challenge the school's draft cohort default rate. A guaranty agency is required to respond to a school's timely submitted inquiry regarding Federal Family Education Loan (FFEL) Program loans for which the agency currently maintains the guaranty.¹ The response must be provided within 30 calendar days of receiving the school's request. In addition to responding to the school, the guaranty agency must provide a copy of its response to the school's inquiry to the U.S. Department of Education (Department).

In preparing responses to inquiries, guaranty agencies should refer to the information provided in the "Information for Guaranty Agencies on Challenges" sections.

What actions should a guaranty agency take when responding to a school's inquiry?

The Department recommends that when responding to schools' inquiries, a guaranty agency should –

- ◆ **Thoroughly review this Guide.** This will ensure that the guaranty agency is aware of all the guidance and requirements associated with the cohort default rate challenge process.

Q. Who is responsible for responding to requests for information on loans currently held by the Department?

A. The Department's Default Management office will respond to a school's requests for information regarding FFEL Program loans currently held by the Department.

The Department's Direct Loan servicer will respond to a school's requests for information regarding Direct Loan Program loans.

Q. Who should a guaranty agency contact if the agency's address, phone number, contact person, or e-mail address changes?

A. A guaranty agency should contact the Department's Default Management office at the address shown on page 129 or at (202) 708-6048 if the guaranty agency's address, phone number, contact person, or e-mail address changes.

- ◆ **Send all correspondence to schools return receipt requested or via commercial overnight mail/courier delivery.** This will be useful to a guaranty agency and the Department.
 - ◆ **Maintain copies of documentation verifying the school's receipt of all cohort default rate challenge related material.** This will be useful to a guaranty agency and the Department.
 - ◆ **When sending a response to a school, immediately send a copy of the response to the Department's Default Management office** using the address on page 129. The Department will use this material to make a determination on the school's challenge.
 - ◆ **Retain copies of all documents** provided to schools and the Department for a period of five years from the date the school's challenge was resolved by the Department.
- AND
- ◆ **Submit cohort default rate monthly status reports** to the Department. The Department will use this information to monitor the times frames associated with the challenge process.

What if unforeseen circumstances prevent a guaranty agency from responding to a school's request within 30 calendar days of receiving the school's request?

If a guaranty agency is unable to respond within 30 calendar days of receiving the school's request, it should **send the school a letter** on its official letterhead —

- ◆ explaining the circumstances causing the delay;
- ◆ telling the school when it will respond;

AND

- ◆ indicating that the Department has been informed of the delay.



If a school does NOT receive a response from a guaranty agency within 30 calendar days of receiving the school's request, the school may notify the Department that it has not received the required response.

What if a guaranty agency can only respond to a portion of a school's request within 30 calendar days of receiving the school's request?

If a guaranty agency can respond to only a portion of a school's requested information within 30 calendar days of receiving the school's request, it should hold that portion of the response until it can provide a response to ALL of the school's requested information. The guaranty agency should send a letter to the school and the Department that provides the information outlined above. When ALL the needed data are gathered, the guaranty agency should send ALL of the data to the school in a single mailing.

Information for Guaranty Agencies on Monthly Status Reports



How does a guaranty agency notify the Department about the status of a school's challenge?

A guaranty agency must send the U.S. Department of Education (Department) a copy of its response to a school's request at the same time it sends out the response to the school. Please refer to the "Information for Guaranty Agencies on Draft Data Challenge" section beginning on page 133 for guidance on how to respond to a school's draft data challenge.

In addition to sending the Department a copy of all challenge-related correspondence sent to a school, each guaranty agency should provide the Department with a monthly status report. The monthly status report is a cumulative list of cohort-default-rate-related requests that guaranty agencies receive from schools after the release of the draft cohort default rates. These status reports will assist the Department in monitoring the time frames associated with the cohort default rate challenge process.

The monthly status report should be sent to the Department using the address on page 129 within **5 working days** of the end of each month. For example, the status report for February 2001 should be sent by March 7, 2001.

What does the monthly status report include?

The report should be a **cumulative** listing of all cohort-default-rate-related requests, including subsequent letters received from the school and subsequent responses made by the agency. The report should include the following:

- ◆ OPE-ID number of the school making the request;
 - ◆ school's name;
 - ◆ date the school's request was postmarked;
 - ◆ date the agency received the request;
 - ◆ date the agency responded to the school;
 - ◆ type of delivery service used to mail the response to the school;
 - ◆ tracking number associated with delivery of the response to the school;
 - ◆ date the school received the response;
- AND
- ◆ comments, if needed.

Guaranty agencies should refer to the Sample Monthly Status Report SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 131 and 130, respectively, to assist in developing the report.

A guaranty agency should NOT submit copies of its responses to schools' requests to the Department with its monthly report. Copies of its responses should be sent to the Department at the same time it sends its response to the school.

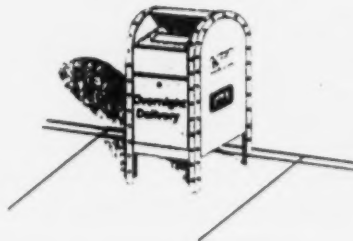
If the guaranty agency does NOT receive any requests from schools, it should submit a blank monthly status report to the Department indicating that it has not received any cohort-default-rate-related requests.

Once the agency has responded to all of the requests received and the guaranty agency has not received any subsequent requests, the guaranty agency should send the Department an updated status report marked "FINAL." After the guaranty agency sends the Department the final report, the guaranty agency does not need to send any more monthly status reports until the official cohort default rates are released.

For an alternative method for submitting the monthly reports, please refer to the guidance sent to your agency in August, 2000 or contact the Department's Default Management office at (202) 708-6048.

If sent by commercial overnight mail/courier delivery, send the monthly status report and all copies of letters sent regarding the school's cohort default rate to:

U.S. Department of Education
Default Management Office
ATTN: Guaranty Agency Responses
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024



If sent by U.S. Postal Service, send the monthly status report and all copies of letters sent regarding the school's cohort default rate to:



U.S. Department of Education
Default Management Office
ATTN: Guaranty Agency Responses
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

Record all schools' cohort default rate requests using a spreadsheet software application such as Excel or Lotus 1-2-3. The resulting spreadsheet is sent to the Department.

The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions

Header: Enter **Monthly Status Report for FY 1999 Draft Cohort Default Rates** in the center of the header area. In the left-hand area, enter the name of the guaranty agency and the three-digit guarantor code.

Footer: Enter the date the spreadsheet was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: page 1 of 10 pages

Sort: The report should be a cumulative listing of all cohort-default-rate-related requests in order by the school's OPE ID number

On Row 1, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet. Ensure that column names appear at the top of each page

On Row 2 and below, include the following data for each school that has requested cohort-default-rate-related information.

- Column 1:** Enter the school's six-digit OPE ID number.
- Column 2:** Enter the school's name
- Column 3:** Enter MM/DD/CCYY (month, date, year) to identify the date the school's request was postmarked
- Column 4:** Enter MM/DD/CCYY to identify the date the guaranty agency received the school's request
- Column 5:** Enter MM/DD/CCYY to identify the date the guaranty agency mailed a response to the school (postmark date)
- Column 6:** Enter type of service delivery (i.e. Federal Express, U.S. Postal Service, Airborne Express, etc.) the guaranty agency used to deliver its response to the school
- Column 7:** Enter the tracking number assigned to the response by the delivery service
- Column 8:** Enter MM/DD/CCYY to identify the date the school signed for the response from the guaranty agency
- Column 9:** Enter comments in this column, if needed

Monthly Status Report SPREADSHEET INSTRUCTIONS

State Guaranty Agency
111Monthly Status Report for
FY 1999 Draft Cohort Default RatesNote: This is a sample
spreadsheet. See instructions
on the previous page.

Information for Guaranty Agencies on Challenges

Monthly Status Report Sample SPREADSHEET

1 Schools OPE ID number	2 School's Name	3 Date the school's request was postmarked (MM/DD/CCYY or leave blank)	4 Date the agency received the request (MM/DD/CCYY or leave blank)	5 Date the guaranty agency mailed response (MM/DD/CCYY or leave blank)	6 Service type	7 Tracking Number	8 Date the school signed for the response from the guaranty agency (MM/DD/CCYY or leave blank)	9 Comments, if needed
000040	Technology School	02/05/2001	02/06/2001	02/28/2001	Airborne	888 888 8888	03/02/2001	Initial response
000040	Technology School	03/05/2001	03/06/2001	03/08/2001	U.S. Express Mail	777 777 7777	03/12/2001	Subsequent response
000063	Cosmetology School	02/13/2001	02/14/2001					Initial request
000060	Cosmetology School	03/01/2001	03/01/2001					Supplemental request
000070	Forest University	02/21/2001	02/26/2001	03/23/2001	UPS	444 444 4444	03/27/2001	Initial response
111111	Electrical Training Institute	02/02/2001	02/04/2001	02/14/2001	Federal Express	999 999 9999	02/17/2001	Initial response

03/01/2001

(send to the U.S. Department
of Education using the address
shown on page 129)

Page 1 of 1

Monthly Status Reports

Information for Guaranty Agencies on Draft Data Challenges

This section is divided into two parts. The first part (pages 133 through 142) outlines the process and procedures for responding to draft data challenges from a school. The second part (pages 143 through 148) provides an example of a situation that would result in a response to a draft data challenge submitted by a school and sample material as it would pertain to a draft data challenge response.

To understand how a guaranty agency should respond to a draft data challenge, the U.S. Department of Education (Department) recommends that the reader review both parts of this section. In addition, to understand the basis for a draft data challenge and a school's responsibilities in the draft data challenge process, the Department recommends the reader review the "Draft Data Challenge" section beginning on page 73.

PART I: Background, Process, and Procedures

What are the time frames and procedures for responding to a draft data challenge?

Step 1: Within 30 calendar days of receiving the school's draft data challenge, a guaranty agency should review this Guide to determine if the school's challenge is timely.



**Time frames
may overlap.
Read ALL
steps.**



The time frames associated with a school's draft data challenge are outlined in the "Draft Data Challenge" section beginning on page 86.

Step 2: Within the time frame described in Step 1 (i.e., within 30 calendar days of receiving the school's draft data challenge), a guaranty agency should **notify the school and the Department** if the school's draft data challenge is untimely.

If the school did not send its draft data challenge within **45 calendar days** of the school's receipt of its most recent hardcopy draft cohort default rate data, the guaranty agency should **NOT** review any part of the school's draft data challenge. In its response to the school, the guaranty agency should explain that it is unable to review the challenge because the school missed the regulatory deadline. The guaranty agency should refer the school to the "Draft Data Challenge" section beginning on page 73, and simultaneously send a copy of the letter to the Department.¹



The Department mails draft cohort default rates at an announced time and tracks schools' receipt of the rates. Before denying a school's draft data challenge on the basis of a late submission, a guaranty agency should contact the Department to verify the actual date the school received its draft cohort default rate data.

If the school's submission due date falls on a weekend or a federal holiday, a school may send its draft data challenge to the guaranty agency no later than the next federal business day.

Step 3: If the draft data challenge is timely, **within the time frame described in Step 1** (i.e., within 30 calendar days of receiving the school's timely submitted draft data challenge), a guaranty agency should **review each allegation** submitted by the school.

Q. How should a guaranty agency respond if a school challenges the accuracy of a FFEL Program loan that is considered in default due to the default on a consolidation loan?

A. The guaranty agency should confirm the date entered repayment of the FFEL Program loan and explain that the FFEL Program loan that was paid-in-full through consolidation is considered in default because the consolidated loan defaulted within the same cohort period in which the FFEL Program loan entered repayment.

If a different guaranty agency guaranteed the consolidation loan, the school should be referred to that agency for any questions pertaining to the default of the consolidation loan.

¹ 64 Fed. Reg. 58974 (November 1, 1999) (Preamble to Final Rule)

- ◆ **Determine if the allegations** presented by the school are based on loans that **are currently held by the agency**.

If the loans are not held by the agency, notify the school that the allegation(s) should be submitted to the entity that currently maintains the guarantee on the loan. Remind the school that all allegations must be submitted to the appropriate entity within 45 calendar days of the school's receipt of its hardcopy draft cohort default rate data.

- ◆ **Determine if all relevant material is present** including, but not limited to:

- ❖ a **spreadsheet** identifying the loans that the school is requesting the guaranty agency review;
- ❖ a copy of **applicable pages from the relevant loan record detail report(s)**.

Each allegation must be accompanied by **at least one page** of a loan record detail report;

- A school should include the page of the loan record detail report where the borrower appears, or where the borrower should appear. A school should provide both pages of the loan record detail report if the borrower appears or should appear at the end of one page or at the beginning of the next page.
- If the borrower is moved from one year to another, a school should include the page of the loan record detail report where the borrower currently appears, and the page of the loan record detail report where the borrower should appear.



Please refer to pages 95 and 96 of the "Draft Data Challenge" section for a sample spreadsheet from a school and for a sample loan record detail report.

Please refer to
page 97 of the
"Draft Data
Challenge"
section for an
example of
supporting
documentation



AND

- ❖ relevant **supporting documentation** including, but not limited to:
 - a signed and dated copy of a **letter to the relevant lender or guaranty agency** that informs the entity of the borrower's last date of attendance or less-than-half-time date (whichever is earlier) and provides evidence that the information was mailed to the relevant lender or guaranty agency in a timely manner (i.e., a certified mail receipt);

AND/OR

- a signed and dated copy of a **Student Status Confirmation Report (SSCR)** or an **NSLDS SSCR screen print** that timely informs the lender and/or guaranty agency of the borrower's last date of attendance or less-than-half-time date (whichever is earlier);

AND/OR

- a copy of a **cancelled check**, front and back, or other documentation showing that the borrower's loan was cancelled in-full within 120 days of disbursement by the lender.



If a school fails to provide the guaranty agency with all the necessary information, the guaranty agency may ask the school to submit the missing information. However, the school must submit this additional information to the guaranty agency **within the 45 calendar day deadline** for submitting draft data challenges.

- ◆ **Research each allegation** to determine if documentation maintained by the guaranty agency supports or refutes the school's allegation.

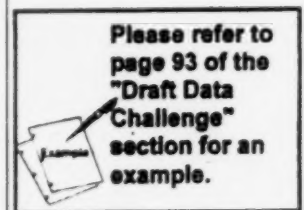
Please refer to pages 79 through 85 of the "Draft Data Challenge" section for a list of the different types of possible allegations.

- ◆ **Make a determination** on each allegation listed on the school's spreadsheet.



If a borrower has multiple loans guaranteed and currently held by the guaranty agency, the guaranty agency must address all of the borrower's loans associated with the school in question.

- ❖ **Agree** with the school if the documentation maintained by the guaranty agency supports the school's claim or if the school has demonstrated that the correct information was timely submitted to the lender and/or guaranty agency.





If the guaranty agency response indicates that a loan has been repurchased, the guaranty agency must provide the original claim paid date, the reason the loan was repurchased, and whether any subsequent claims were filed.

OR

- ❖ **Disagree** with the school if the documentation maintained by the guaranty agency refutes the school's claim and the school failed to demonstrate that the correct information was timely submitted to the lender and/or guaranty agency. If the guaranty agency disagrees with the school, **the guaranty agency must explain why it disagrees with the school.**

There are a number of reasons why a guaranty agency might disagree with the school's allegations of error. For example, the school might have:

- made only **general allegations** about the loan record detail report and/or the draft cohort default rate data;
- failed to provide evidence that the guaranty agency and/or lender was **timely notified of a change in status for the borrower**;

AND/OR

- failed to provide **acceptable supporting documentation** for an allegation.

Please refer to page 136 for examples of acceptable supporting documentation.

Step 4: Within the time frame described in Step 1 (i.e., within 30 calendar days of receiving the school's draft data challenge), a guaranty agency should **compile a list** of the guaranty agency's responses to the school's alleged errors.

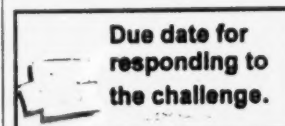
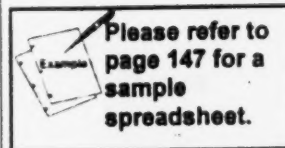
- ◆ Record the responses to each of the school's alleged errors on a spreadsheet that follows the format of the sample **Draft Data Challenge Response** spreadsheet.
- ◆ Provide comments on why the guaranty agency agrees or disagrees with each of the school's allegations **and supporting documentation** if the agency disagrees with the school's allegations.

Step 5: Within the time frame described in Step 1 (i.e., within 30 calendar days of receiving the school's draft data challenge), a guaranty agency **should send the school a response to its draft data challenge and also send a copy of the response to the Department.**

The Department recommends that:

- ◆ each guaranty agency submit the completed response to the school's draft data challenge using the format of the sample **Draft Data Challenge Response** letter shown on page 148;
 - ◆ each guaranty agency include the spreadsheet created in Step 4 in its response;
- AND
- ◆ each guaranty agency compile its response and mail its response via return receipt requested or via overnight courier delivery to the school with a copy to the Department sent to the address provided on page 142.

The recommended materials for the guaranty agency response are shown on page 141.



Step 6: **Respond to any subsequent inquiries** from a school within **5 working days** of the receipt of the school's timely inquiry and send a copy of the response letter to the Department.

Subsequent inquiries are not an opportunity for a school to provide additional supporting documentation or to submit additional allegations. The inquiries are allowed solely for a school to gain clarification based on information that was timely submitted as a part of the draft challenge process.

If a guaranty agency does not agree with the school's subsequent inquiry, the agency should indicate that its previous response was its final response.



Schools must submit subsequent inquiries within **5 working days** of receiving the agency's response to its initial inquiry.

A guaranty agency should send the following to the school:

The section behind Component 1 contains:

Component 1

A **letter** on the guaranty agency's letterhead with—

- ◆ the school's **OPE ID number**,
 - ◆ the school's **name**,
 - ◆ a statement indicating that the guaranty agency is responding to the school's **draft data challenge**,
 - ◆ the **fiscal year** to which the response applies;
 - ◆ the **signature** of the responsible official at the guaranty agency, followed by a signature block providing the **signer's name and job title**.
- AND
- ◆ an indication that a **copy was sent to the Department**.

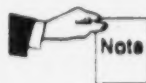
Guaranty agencies should use the sample **Draft Data Challenge Response** letter on page 148.

The section behind Component 2 contains:

Component 2

A list, in **spreadsheet** format, of the guaranty agency's responses to the school's alleged errors.

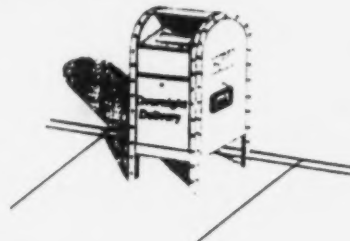
Guaranty agencies should use the sample **Draft Data Challenge Response** spreadsheet on page 147. A guaranty agency must provide **data on each of the elements** listed on the sample spreadsheet.



If a borrower has **multiple loans**, the guaranty agency must address all of the borrower's loans associated with the school in question.

If sent by commercial overnight mail/courier delivery, send the Department's copy of the draft data challenge response to:

U.S. Department of Education
Default Management Office
ATTN: Guaranty Agency Response
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024



If sent by U.S. Postal Service, send the Department's copy of the draft data challenge response to:



U.S. Department of Education
Default Management Office
ATTN: Guaranty Agency Response
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

PART II: Examples and Sample Material

Part II of this section outlines a situation that would require a guaranty agency to respond to a school's draft data challenge. This part also provides sample material that should be referenced by a guaranty agency when responding to a school's draft data challenge.

CONTENT REFERENCE FOR PART II

EXAMPLE of a situation that would result in a response to Draft Data Challenge	145
Draft Data Challenge Response SPREADSHEET INSTRUCTIONS	146
Sample Draft Data Challenge Response SPREADSHEET	147
Sample Draft Data Challenge Response LETTER	148

EXAMPLE of a situation that would result in a response to a Draft Data Challenge

State Guaranty Agency received Electrical Training Institute's draft data challenge on February 4, 2001.

Within 30 calendar days of receiving the draft data challenge, the guaranty agency

- ◆ determined whether the school's draft data challenge was submitted **timely** (please refer to Step 2 on page 134 for information on the time frames for submitting a draft data challenge);

According to the Department's spreadsheet sent to the State Guaranty Agency, the school received its draft cohort default rate on January 31, 2001. According to the postmark on the service delivery package, the school submitted the challenge to the agency on February 2, 2001. Because the challenge was submitted within 45 working days of the school's receipt of its draft cohort default rate, the challenge was timely submitted.

- ◆ determined that **all** of the **relevant material** was present (please refer to Step 3 on page 134 for information on the material a school must submit with its draft data challenge);

Electrical Training Institute provided a spreadsheet that listed David Smith's loans and provided what the school believes is the correct data for the borrower's loans. The school also provided copies of the relevant pages of both the draft and official loan record detail reports for the borrower. Finally, the guaranty agency noted that Electrical Training Institute provided supporting documentation to substantiate the school's position regarding David's loans.

- ◆ made a **determination** for each allegation;

Electrical Training Institute believes that David should be removed from the FY 1999 cohort default rate and added to the FY 1998 official cohort default rate calculation based on a May 13, 1998 date entered repayment. The agency **agreed** with Electrical Training Institute because the school demonstrated that it timely submitted the information on David's change in enrollment to the State Guaranty Agency.

- ◆ prepared a **SPREADSHEET** that identified David's loans and provided what the agency believes is the correct information that should be associated with each loan (please refer to the Sample Draft Data Challenge Response SPREADSHEET on page 147);

- ◆ made a copy of the agency's **SUPPORTING DOCUMENTATION** for any additional items that the agency disagreed with;

AND

- ◆ prepared a **LETTER** for its Draft Data Challenge Response to the school (please refer to the Sample Draft Data Challenge LETTER on page 148).

On February 14, 2001, State Guaranty Agency mailed its response to the allegations via overnight courier to Electrical Training Institute and sent a copy of the entire package to the Department's Default Management office at the address found on page 142.

Record all loans for which the school submitted a new data allegation using a spreadsheet software application such as Excel or Lotus 1-2-3. The resulting spreadsheet is sent to the school that submitted the allegations and to the Department.



Note Fill out a separate spreadsheet for each school submitting a draft data challenge.

The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

Header: Enter **FY 1999 Draft Data Challenge Response** in the center of the header area. In the left-hand area, enter the guaranty agency's name, school's name, school's OPE ID number, and number of borrowers and loans on the list.

Footer: Enter the date the spreadsheet was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: page 1 of 10 pages.

Sort: The borrowers listed on the spreadsheet should be sorted by the borrower's Social Security number.



Note The guaranty agency should only respond to the borrowers listed on the school's spreadsheet.

On Row 1, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet. Ensure that column names appear at the top of each page.

On Row 2 and below, include the following data for each loan for which the school submitted new data allegations.

Column 1: Enter the borrower's Social Security number (SSN) using hyphens to separate the numbers (example: 000-88-0000).



Note If a borrower has multiple loans for which the agency maintains the guaranty, the guaranty agency must address all of the borrower's loans associated with the school in question.

Column 2: Enter the borrower's name.

Column 3: Enter the number and type of loan(s). Use the following codes to identify the type of loan.

Loan Type Codes	
Code	Description
D1	Direct Loan Subsidized Stafford Loan
D2	Direct Loan Unsubsidized Stafford Loan
SF	FFEL Subsidized Stafford Loan
SL	Supplemental Loans for Student Loan
SU	FFEL Unsubsidized Stafford Loan

Column 4: Enter MM/DD/CCYY (month, day, and year) of the earlier of the borrower's LDA (last date of attendance) or the LTH (less than half-time date).

Column 5: Enter MM/DD/CCYY or MM/CCYY to identify the DER (date the loan entered repayment).

Column 6: Enter MM/DD/CCYY or MM/CCYY to identify the CPD (claim paid date), DD (default date), or ICRD (income contingent repayment date). Enter N/A if the borrower did not default.

Column 7: Enter the fiscal year(s) to which the guaranty agency believes this information should be applied.

Column 8: Enter N (numerator), D (denominator), or B (both numerator and denominator), accompanied by a plus or minus sign (such as +D or -D) to show how the guaranty agency believes the information will affect the CDR (cohort default rate) calculation.

Column 9: Enter **Agree** or **Disagree**. A comment must be made in this section to identify why the agency agreed or disagreed. Documentation must be provided to support the determination if the guaranty agency disagreed.

State Guaranty Agency
 Electrical Training Institute
 OPE ID#: 111111
 Number of borrowers: 1
 Number of loans: 2

FY 1999 Draft Data Challenge Response

Note: This is a sample spreadsheet. See instructions on the previous page

1. Borrower's SSN	2. Borrower's Name	3. Number and type of loan(s) (Use codes on instructions)	4. Earlier of LDA or LTH (MM/DD/CCYY)	5. Date entered repayment (DER) (MM/DD/CCYY)	6. CPD, DD, ICRD, or N/A (MM/DD/CCYY or leave blank)	7. FY(s) appl.	8. Effect on CDR calc. (N D or B)	9. Comments
333-33-3333	David Smith	1 SF	11/12/1997	05/13/1998	09/05/2000	FY 1999 FY 1998	-B +D	Agree. The school provided sufficient supporting documentation demonstrating that they timely sent the change in enrollment to the agency
333-33-3333	David Smith	1 SU	11/12/1997	05/13/1998	09/05/2000	FY 1999 FY 1998	-B +D	Agree. The school provided sufficient supporting documentation demonstrating that they timely sent the change in enrollment to the agency

02/14/2001

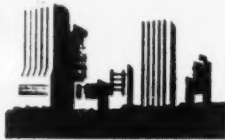
156

BEST COPY AVAILABLE

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Sample Draft Data Challenge Response LETTER



State Guaranty Agency

1234 Trueman Road
Lusby, North Carolina 98765-4321
(111) 222-3333

Sample Letter

February 14, 2001

Robert Young
President
Electrical Training Institute
1212 Wedgewood Lane
Leonardtown, Wisconsin 12345-6789

OPE ID#: 111111

Subject: FY 1998 Draft Data Challenge Response

Dear Mr. Young:

This is State Guaranty Agency's response to Electrical Training Institute's, OPE ID# 111111, FY 1999 draft data challenge.

Please see the enclosed spreadsheet and supporting documentation.

Sincerely,

Bob Bowen

Bob Bowen, Compliance Officer
State Guaranty Agency

Enclosures

cc: U.S. Department of Education, Default Management office

Information for Guaranty Agencies on Participation Rate Index Challenges



A guaranty agency does NOT have a role in a school's participation rate index challenge. A participation rate index challenge is decided solely by the U.S. Department of Education (Department) based on information submitted by the school and maintained in the Department's records.

If a guaranty agency receives a participation rate index challenge from a school, the guaranty agency should **immediately** contact the school and inform it that all participation rate index challenges must be submitted directly to the Department's Default Management office at the address shown on page 116. The guaranty agency should refer the school to the "Participation Rate Index Challenge" section beginning on page 99 of this Guide for the time frames associated with submitting a participation rate index challenge.



The guaranty agency should notify the Department's Default Management office that it has contacted the school.

Appendix A

Guaranty Agency/Direct Loan servicer Contacts



Contents

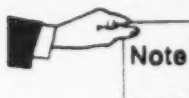
<i>Numerical</i>	
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Numerical

Guaranty Agency/Direct Loan servicer Contacts

The contact list that follows contains the names, addresses, telephone numbers, e-mail and website addresses (if available) and points of contact for **FFEL Program loans** and **Direct Loan Program loans** included in a school's cohort default rate calculation. The list is in **numerical order** by the guarantor/servicer code as identified on the loan record detail report, followed by the name of the state/territory/entity primarily associated with the identified code.

If the guarantor/servicer code is not known, see page 15 of this appendix for an alphabetical listing of the contacts by the area in which the guarantor or servicer is primarily responsible.



If a school discovers that the information listed for a guaranty agency or the Direct Loan servicer is incorrect, it should contact the Department's Default Management office.

0101 Direct Loan Servicing Center

U.S. Department of Education
Direct Loan Servicer
ATTN: Default Rate Appeals Section
501 Bleecker Street
Utica, NY 13501

School Services Representative
(888) 877-7658
<http://www.dlservicer.ed.gov>

555 U.S. Department of Education

U.S. Department of Education
Default Management Office
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024-5353

(202) 708-9396
<http://www.ed.gov>



This is the address for **FFEL Program loans** currently maintained by the **Department**. For **Direct Loan Program loans**, see Code 0101 to the left.

611 District of Columbia

American Student Assistance Corporation
Attn: Cohort Section
330 Stuart Street
Boston, MA 02116

Ms. Sue Pottenger
(800) 999-9080 ext. 3209
pottenger@amsa.com
<http://www.amsa.com>

620 Kansas

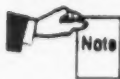
USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

627 U.S. Department of Education

U.S. Department of Education
Default Management Office
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024-5353

(202) 708-9396
<http://www.ed.gov>



This is the address for **FFEL Program**
loans currently maintained by the
Department For Direct Loan Program
loans address, see Code 0101, page 3

631 U.S. Department of Education

U.S. Department of Education
Default Management Office
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024-5353

(202) 708-9396
<http://www.ed.gov>



This is the address for **FFEL Program**
loans currently maintained by the
Department For Direct Loan Program
loans see Code 0101, page 3

654 West Virginia

Pennsylvania Higher Education Assistance
Agency

Attn: Program Review
1200 North 7th Street
HQ4
Harrisburg, PA 17102-1444

Ms. Lisa Hoffman
(717) 720-2180
lhoffman@pheaa.org
<http://www.pheaa.org>

656 Wyoming

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

701 Alabama

Kentucky Higher Education Assistance
Authority
Attn: Policy and Client Services Branch
1050 U.S. 127 South
Frankfort, KY 40601-4323

Ms. Elaine Brumback
(502) 696-7278
ebrumback@kheaa.com
<http://www.kheaa.com>

702 Alaska

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

705 Arkansas

Student Loan Guaranty Foundation of
Arkansas
Attn: Claims Department
219 South Victory
Little Rock, AR 72201-1884

Ms. Brenda Steele
(501) 688-7648
bsteele@slgfa.org
<http://www.slgfa.org>

706 California

EDFUND
Attn: Loan Detail Information Office
Cohort Default Rate Appeals and Disputes
3300 Zinfandel Drive
P.O. Box 419045
Rancho Cordova, CA 95741-9045

Ms. Kevis Foley-Bumgardner
(916) 526-8068
kfoley@edfund.org
<http://www.edfund.org>

708 Colorado

Colorado Student Loan Program
Attn: Operations Department
Assistant Manager – NSLDS/Quality
Assurance
999 18th Street, Suite 425
Denver, CO 80202-2471

Ms. Mary Crow
(303) 305-3387
mcrow@cslp.org
<http://www.cslp.org>

709 Connecticut

Connecticut Student Loan Foundation
Attn: Manager of Guarantee Operations
P.O. Box 1009
525 Brook Street
Rocky Hill, CT 06067

Ms. Sandy Barsom
(860) 257-4001 ext. 247
sbarsom@mail.cslf.org
<http://www.cslf.com>

710 Delaware

Pennsylvania Higher Education Assistance
Agency

Attn: Program Review

1200 North 7th Street

HQ4

Harrisburg, PA 17102-1444

Ms. Lisa Hoffman

(717) 720-2180

lhoffman@pheaa.org

<http://www.pheaa.org>

716 Idaho

Northwest Education Loan Association

Attn: School Compliance Representative

500 Coleman Building

811 First Avenue

Seattle, WA 98104

Ms. Linda Shannon

(206) 461-5325

lindas@nela.net

<http://www.nela.net>

712 Florida

Florida Department of Education

Bureau of Student Financial Assistance

Attn: Ms. Jeanie Carter

Northwood Centre

1940 North Monroe Street; Suite 70

Tallahassee, FL 32303

Ms. Jeanie Carter OR

Ms. Rhonda Forbes

(850) 410-5200

(800) 366-3475

CarterJ@mail.doe.state.fl.us OR

ForbesR@mail.doe.state.fl.us

717 Illinois

Illinois Student Assistance Commission

Attn: Compliance Analyst

1755 Lake Cook Road

Deerfield, IL 60015

Ms. Terry Dallas

(847) 948-8500 ext. 3306

tdallas@isac.org

<http://www.isac-online.org>

713 Georgia

Georgia Higher Education Assistance
Corporation

Attn: Program Administration

2082 East Exchange Place, Suite 200

Tucker, GA 30084-5305

Ms. Carole Jones

(770) 724-9137

carole@mail.gsfc.state.ga.us

<http://www.gsfc.org>

718 Indiana

USA Funds

Attn: Mr. Bruce Bement

11100 USA Parkway

Fishers, IN 46038

Mr. Bruce Bement

(317) 595-1352

bbement@usafunds.org

<http://www.usafunds.org>

719 Iowa

Iowa College Student Aid Commission
Attn: Associate Director, Claims and
Collections
200 10th Street, 4th Floor
Des Moines, IA 50309-3609

Mr. Brian Mohr
(515) 242-3356
brian.mohr@csac.state.ia.us
<http://www.state.ia.us/government/icsac>

721 Kentucky

Kentucky Higher Education Assistance
Authority
Attn: Policy and Client Services Branch
1050 U.S. 127 South
Frankfort, KY 40601-4323

Ms. Elaine Brumback
(502) 696-7278
ebrumback@kheaa.com
<http://www.kheaa.com>

722 Louisiana

Louisiana Office of Student Financial
Assistance
Attn: Program Review
1885 Wooddale Boulevard
Baton Rouge, LA 70806

Mr. Michael Roberts
(225) 922-2030
(800) 259-5626 ext. 2030
mroberts@osfa.state.la.us
<http://www.osfa.state.la.us>

723 Maine

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

724 Maryland

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

725 Massachusetts

American Student Assistance Corporation
Attn: Cohort Section
330 Stuart Street
Boston, MA 02116

Ms. Sue Pottenger
(800) 999-9080 ext. 3209
pottenger@amsa.com
<http://www.amsa.com>

726 Michigan

Michigan Higher Education Assistance
Authority
Attn: Audit and Program Review Section
608 W. Allegan Road
Hannah Building, First Floor
Lansing, MI 48933-1524

Mr. Dan Tryon
(517) 373-4981
tryond@state.mi.us

727 Minnesota

Great Lakes Higher Education Guaranty
Corporation
Attn: Lori Yaun
2401 International Lane
Madison, WI 53704

Ms. Lori Yaun
(608) 246-1622
lyaun@glhec.org
<http://www.glhec.org>

728 Mississippi

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

729 Missouri

Missouri Student Loan Program
Attn: Senior Associate for Compliance
3515 Amazonas Drive
Jefferson City, MO 65109-5717

Ms. Ruth Chrismore
(573) 751-8748
ruth.chrismore@mocbhe.gov
<http://www.mocbhe.gov>

730 Montana

Montana Guaranteed Student Loan
Program
Attn: Program Specialist
2500 Broadway
Helena, MT 59601

Mr. Ron Muffick
(406) 444-0369
(800) 537-7508
rmuffick@mgspl.state.mt.us
<http://www.mgspl.state.mt.us>

731 Nebraska

NSLP
Attn: Program Review and Compliance
1300 O Street
Lincoln, NE 68508

Mr. Kevin Taylor OR Ms. Alicia Chapelle
(402) 479-6718 OR (402) 479-6743
kevint@nslp.org OR aliciac@nslp.org
<http://www.nslp.org>

732 Nevada

USA Funds

Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

735 New Mexico

New Mexico Student Loan Guarantee Corporation

Attn: Compliance and Program Review
Office

3900 Osuna, N.E.
Albuquerque, NM 87109

Ms. Carolyn Holder
(505) 345-8821 ext. 261
holderc@nmslgc.org
<http://www.nmslgc.org>

733 New Hampshire

New Hampshire Higher Education Assistance Foundation

Attn: Director of Training and Compliance
4 Barrell Court
Concord, NH 03302

Ms. Christina VanBeaver
(603) 227-5312
cvanbeaver@gsmr.org
<http://www.nhheaf.org> OR
<http://www.gsmr.org>

736 New York

New York State Higher Education Services Corporation

Attn: Lender Service
99 Washington Avenue
Albany, NY 12255

Mr. Larry LaVallee
(518) 473-1670
llavallee@hesc.com
<http://www.hesc.com>

734 New Jersey

Higher Education Student Assistance Authority

Attn: Derek V. Gatling
4 Quakerbridge Plaza Building 4
Mercerville, NJ 08619

Mr. Derek V. Gatling
(609) 588-3996
dgatling@hesaa.org
<http://www.hesaa.org>

737 North Carolina

North Carolina State Education Assistance Authority

Attn: Claim Accounting and Compliance
Review

10 Alexander Drive
Research Triangle Park, NC 27709

Ms. Robbin Sutton
(919) 248-4629
RobbinS@ncseaa.edu
<http://www.ncseaa.edu>

738 North Dakota

Student Loans of North Dakota
Attn: Compliance Officer
715 East Broadway
Bismarck, ND 58501

Ms. Char Feist
(701) 328-5753
cfeist@state.nd.us
<http://www.banknd.com/slnd>

739 Ohio

For NON-DEFAULTED LOANS

Great Lakes Higher Education Guaranty Corporation
Attn: Lori Yaun
2401 International Lane
Madison, WI 53704

Ms. Lori Yaun
(608) 246-1622
lyaun@glhec.org
<http://www.glhec.org>

For DEFAULTED LOANS

U.S. Department of Education
Default Management Office
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024-5353

(202) 708-9396
<http://www.ed.gov>



This is the address for FFEL Program loans currently maintained by the Department. For Direct Loan Program loans see Code 0101, page 3

740 Oklahoma

Oklahoma State Regents for Higher Education Guaranteed Student Loan Program

Attn: Mary Heid
421 Northwest 13th Street
Oklahoma City, OK 73104

Ms. Mary Heid
(405) 858-4300
mheid@ogslp.org
<http://www.ogslp.org>

741 Oregon

Oregon Student Assistance Commission
Attn: Program Review
1500 Valley River Drive Suite 100
Eugene, OR 97401

Ms. Carolyn Sinclair
(541) 687-7379
carolyn.e.sinclair@state.or.us
<http://www.osac.state.or.us>

742 Pennsylvania

Pennsylvania Higher Education Assistance Agency

Attn: Program Review
1200 North 7th Street
HQ4
Harrisburg, PA 17102-1444

Ms. Lisa Hoffman
(717) 720-2180
lhoffman@pheaa.org
<http://www.pheaa.org>

744 Rhode Island

Rhode Island Higher Education Assistance
Authority
Attn: Cohort Appeals
560 Jefferson Boulevard
Warwick, RI 02886-1320

Mr. Charles Totoro
(401) 736-1141
ctotoro@riheaa.org
<http://www.riheaa.org>

747 Tennessee

Tennessee Student Assistance
Corporation
Attn: School Relations Specialist
404 James Robertson Parkway
Suite 1950
Nashville, TN 37243-0820

Ms. Stephanie Aylor
(615) 741-1346
saylor@mail.state.tn.us
<http://www.state.tn.us/tsac>

745 South Carolina

South Carolina State Education
Assistance Authority
Attn: Mike Fox
Interstate Center, Suite 210
16 Berryhill Road
Columbia, SC 29212

Mr. Mike Fox
(803) 798-7960
mike_fox@slc.sc.edu
<http://www.slc.sc.edu>

748 Texas

Texas Guaranteed Student Loan
Corporation
Attn: Compliance Analyst
2929 Longhorn Boulevard, Suite 106
Austin, TX 78758

Mr. Ken Johnson
(512) 219-4701
ken.johnson@tgslc.org
<http://www.tgslc.org/tgslc>

746 South Dakota

Education Assistance Corporation
Attn: Vice President of Preclaim, Claim,
and Collection
115 First Avenue, S.W.
Aberdeen, SD 57401

Ms. Ellen Welke
(605) 622-4340
ewelke@eac-easci.org
<http://www.eac-easci.org>

749 Utah

Utah Higher Education Assistance
Authority
Attn: Manager of Compliance and
Program Review
355 West North Temple
Three Triad Center, Suite 550
Salt Lake City, UT 84180-1205

Mr. Jed Spencer
(801) 321-7220
jspencer@utahsbr.edu
<http://www.uheaa.org>

750 Vermont

Vermont Student Assistance Corporation
 Attn: Manager of School Policy and Compliance
 The Champlain Mill
 1 Main Street
 Winooski, VT 05404

 Ms. Marcia Vance
 (802) 654-3770 ext. 273
 (800) 660-3561 ext. 273
 vance@vsac.org
 http://www.vsac.org

751 Virginia

Educational Credit Management Corporation (ECMC)
 ECMC Guarantee Servicing
 Attn: Program Compliance Specialist
 411 East Franklin Street, Suite 300
 Richmond, VA 23219-2243

 Ms. Linda Woodley
 (888) 775-3262 ext. 8024
 lwoodley@ecmc.org
 http://www.ecmc.org

753 Washington

Northwest Education Loan Association
 Attn: School Compliance Representative
 500 Coleman Building
 811 First Avenue
 Seattle, WA 98104

 Ms. Linda Shannon
 (206) 461-5325
 lindas@nela.net
 http://www.nela.net

755 Wisconsin

Great Lakes Higher Education Guaranty Corporation
 Attn: Lori Yaun
 2401 International Lane
 Madison, WI 53704

 Ms. Lori Yaun
 (608) 246-1622
 lyaun@glhec.org
 http://www.glhec.org

772 Puerto Rico

Great Lakes Higher Education Guaranty Corporation
 Attn: Lori Yaun
 2401 International Lane
 Madison, WI 53704

 Ms. Lori Yaun
 (608) 246-1622
 lyaun@glhec.org
 http://www.glhec.org

778 Virgin Islands

Great Lakes Higher Education Guaranty Corporation
 Attn: Lori Yaun
 2401 International Lane
 Madison, WI 53704

 Ms. Lori Yaun
 (608) 246-1622
 lyaun@glhec.org
 http://www.glhec.org

800 USA Funds

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

804 Arizona

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

815 Hawaii

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

927 Educational Credit Management Corporation (ECMC)

[Formerly Transitional Guaranty Agency (TGA)]

Educational Credit Management Corporation (ECMC)
ECMC Guarantee Servicing
Attn: Program Compliance Specialist
411 East Franklin Street, Suite 300
Richmond, VA 23219-2243

Ms. Linda Woodley
(888) 775-3262 ext. 8024
lwoodley@ecmc.org
<http://www.ecmc.org>

951 Educational Credit Management Corporation (ECMC)

Educational Credit Management Corporation (ECMC)
ECMC Guarantee Servicing
Attn: Program Compliance Specialist
411 East Franklin Street, Suite 300
Richmond, VA 23219-2243

Ms. Linda Woodley
(888) 775-3262 ext. 8024
lwoodley@ecmc.org
<http://www.ecmc.org>

American Samoa (no number code)

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

**Federated States of Micronesia,
Marshall Islands, and Republic of
Palau (no number code)**

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

Mr. Bruce Bement
(317) 595-1352
bbement@usafunds.org
<http://www.usafunds.org>

Guam (no number code)

USA Funds
Attn: Mr. Bruce Bement
11100 USA Parkway
Fishers, IN 46038

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**Northern Mariana Islands
(no number code)**

USA Funds
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Alphabetical

Guaranty Agency/Direct Loan servicer Contacts

The list that follows contains, in **alphabetical order**, the names of states/territories/entities primarily associated with the guarantor/servicer code listed on the loan record detail report.

The number in the second column is the guarantor/servicer code identified on the loan record detail report for each loan record. See pages 3 through 14 of this appendix for a list of these guarantor/servicer codes in numerical order, followed by the names of the points of contacts, their addresses, telephone numbers, and e-mail and website addresses (if available).

State and/or Territory	Guarantor/Servicer code
Alabama	701
Alaska	702
American Samoa	no number code
Arizona	804
Arkansas	705
California	706
Colorado	708
Connecticut	709
Delaware	710
Direct Loan Servicer	0101
District of Columbia	611
Educational Credit Management Corporation (ECMC)	927 and 951
Federated States of Micronesia, Marshall Islands, Republic of Paulau	no number code
Florida	712
Georgia	713
Guam	no number code
Hawaii	815
Idaho	716
Illinois	717
Indiana	718
Iowa	719
Kansas	620
Kentucky	721

State and/or Territory	Guarantor/Servicer code
Louisiana	722
Maine	723
Maryland	724
Massachusetts	725
Michigan	726
Minnesota	727
Mississippi	728
Missouri	729
Montana	730
Nebraska	731
Nevada	732
New Hampshire	733
New Jersey	734
New Mexico	735
New York	736
North Carolina	737
North Dakota	738
Northern Mariana Islands	no number code
Ohio	739
Oklahoma	740
Oregon	741
Pennsylvania	742
Puerto Rico	772
Rhode Island	744
South Carolina	745
South Dakota	746
Tennessee	747
Texas	748
U.S. Department of Education	555, 627, and 631
USA Funds	800
Utah	749
Vermont	750
Virgin Islands	778
Virginia	751
Washington	753
West Virginia	654
Wisconsin	755
Wyoming	656

Appendix B

Extract File Layout for Electronic Loan Record Detail Report and Repayment Information

The file layout contained in this appendix applies to the extract file associated with both the electronic loan record detail report and the repayment information detailed file format. The file layout contains:

- ◆ positions;
- ◆ field lengths;
- ◆ field formats;
- ◆ field names;
- AND
- ◆ field descriptions.

The file layout is divided into three sections —

- (1) **Header Record Layout**, which provides the layout for the single header record of the file. This record contains general information about the detail records contained in the file.
- (2) **Detail Layout**, which provides the layout for the detail records in the file. These records contain all of the student and loan-specific information.

AND

- (3) **Trailer Record Layout**, which provides the layout for the single trailer record of the file. This record contains selected summary calculations for the detail records contained in the file.

For an in-depth discussion on each field within these records, please refer to the "Loan Record Detail Report" section beginning on page 37.

HEADER RECORD LAYOUT					
Position from	Position to	Field Length	Field Format	Name	Description Field Content
1	20	20	Character	Filler	Filler
21	21	1	Numeric	Record Type	Indicator used to identify the header record. Value must be "1" (one)
22	29	8	Numeric	Organization ID Number	The eight-digit ED OPE ID code used to identify the school receiving the loan record detail report
30	143	114	Character	Filler	Filler
144	203	60	Character	Organization Name	School's name
204	253	50	Character	Address	School's address
254	273	20	Character	City	School's city
274	275	2	Character	State	School's state
276	295	20	Character	Country	School's country
296	304	9	Numeric	Zip Code	School's Zip Code
305	312	8	Date	Request Date	Identifies the request date of the loan record detail report report, format is CCYYMMDD
313	320	8	Date	Rate Calculation Date	Identifies the date the rate was calculated, format is CCYYMMDD
321	324	4	Date	Cohort Year	Identifies the cohort period associated with the report, format is CCYY
325	331	7	Character	Title IV Program	Identifies the program type of loans included in the loan record detail report
332	334	3	Character	Filler	Filler
335	335	1	Numeric	Filler	Filler

DETAIL RECORD LAYOUT					
Position from	Position to	Field Length	Field Format	Name	Description Field Content
1	20	20	Character	Filler	Filler
21	21	1	Character	Record Type	Indicator used to identify the detail record. Value must be "2" (two)
22	29	8	Character	School Code	An eight-digit code used by ED OPE to identify the school submitting the loan record detail report request.
30	37	8	Character	Filler	Filler
38	46	9	Character	SSN	Title IV recipient's or beneficiary's Social Security Number
47	47	1	Character	Default Rate Usage Code	Identifies how the loan is counted in the school's cohort default rate calculation
48	65	18	Character	Filler	Filler
66	100	35	Character	Current Last Name	Title IV recipient's or beneficiary's current last name
101	112	12	Character	Current First Name	Title IV recipient's or beneficiary's current first name.
113	113	1	Character	Student Middle Initial	Title IV recipient's or beneficiary's middle initial.
114	121	8	Numeric	Student Date of Birth	Title IV recipient's or beneficiary's date of birth.
122	129	8	Character	Original School Code	ED OPE code for school that certified/originated the loan for the borrower.
130	137	8	Numeric	Begin Class Date	The date classes were scheduled to begin for the loan period covered by the loan
138	145	8	Numeric	End Class Date	The date classes were scheduled to end for the loan period covered by the loan.
146	146	1	Character	Academic Level	Student's academic or grade level in school at the beginning of the specific period covered by the loan
147	152	6	Character	Original Lender/ Servicer Code	Code for entity that provided the loan to the student, identifies the originating holder of the loan
153	156	4	Character	Filler	Filler
157	162	6	Character	Current Lender/ Servicer Code	Current lender code

Position from	Position to	Field Length	Field Format	Name	Description Field Content
163	166	4	Character	Current Lender/ Servicer Branch	Current lender branch
167	168	2	Character	Loan Type	The type of loan
169	170	2	Character	Loan Status Code	The status of the borrower's loan
171	178	8	Numeric	Loan Status Code Date	Effective date of the loan status code
179	186	8	Numeric	Repay Date	Date loan entered repayment
187	192	6	Numeric	Amount	Full amount of the loan
193	195	3	Character	Code for Guarantor/ Servicer	Entity that guaranties the loan on behalf of the Department or entity that the Department contracts with to service Direct Loans
196	203	8	Numeric	Guaranty Loan Date	Date that the guaranty agency insured an FFEL Program loan or the first date of disbursement for a Direct Loan Program
204	211	8	Numeric	Default NegAm Date	Date that a default claim was paid on an FFEL Program loan or the day of default, for cohort default rate purposes, for Direct Loan Program loans or the day certain Direct Loan Program loans are considered in default, for cohort default rate purposes, if the loan has been in an income contingent repayment plan with payments of less than \$15 per month that resulted in negative amortization for a certain period of time
212	213	2	Character	Claim Reason Code	Identifies the reason a claim was paid on an FFEL Program loan or if a Direct Loan Program has defaulted or, for some Direct Loan Program loans, if the loan entered into an income contingent repayment plan that resulted in negative amortization
214	234	21	Character	Filler	Filler
235	235	1	Character	Enrollment Code	Student's enrollment status at the time the cohort default rate was calculated

Position from	Position to	Field Length	Field Format	Name	Description Field Content
236	243	8	Numeric	Enrollment Code Date	Effective date of the Enrollment Status Code. If no data is available, the guaranty agency or Direct Loan servicer may use 01/01/1900.
244	244	1	Character	Program Type	Identifies loan program type "F" (FFEL) or "D" (Direct Loan).
245	249	5	Character	Filler	Filler
250	255	6	Numeric	Claim Amount	The claim amount.
256	261	6	Numeric	Outstanding Principal Balance	The original dollar amount of the loan.
262	263	2	Character	Usage Two	Identifies how the loan is counted in each individual loan program (i.e., the FFEL Program and/or the Direct Loan Program).
264	320	57	Character	Filler	Filler
321	324	4	Character	Cohort Year	Identifies the cohort year, format is CCYY.
325	335	11	Character	Filler	Filler

TRAILER RECORD LAYOUT

Position from	Position to	Field Length	Field Format	Name	Description Field Content
1	20	20	Character	Filler	Filler
21	21	1	Character	Record Type	Indicator used to identify the trailer record. Value must be "3" (three)
22	29	8	Character	School Code	An eight-digit ED OPE code used to identify the school receiving the loan record detail report
30	31	2	Character	Filler	Filler
32	39	8	Numeric	Actual Numerator Count	The total number of unduplicated borrowers reported in the numerator of the cohort default rate. The report count for the numerator represents the unduplicated report with a "B" in the usage code 1 field
40	47	8	Numeric	Actual Denominator Count	The total number of unduplicated borrowers reported in the denominator of the cohort default rate. The report count for the denominator represents the unduplicated borrower listed on the loan record detail report with a "D" or "B" in the usage code 1 field
48	55	8	Numeric	Report Count	Identifies the unduplicated number of borrowers included in the numerator of the cohort default rate calculation
56	63	8	Numeric	Report Count	Identifies the unduplicated number of borrowers included in the denominator of the cohort default rate calculation
64	71	8	Numeric	IC	Identifies the number of borrowers meeting income contingency repayment conditions on the loan record detail report
72	79	8	Numeric	Individual Program Tally	The total number of unduplicated borrowers counted in the numerator of the FFEL Program
80	87	8	Numeric	Individual Program Tally	The total number of unduplicated borrowers counted in the denominator of the FFEL Program
88	95	8	Numeric	Individual Program Tally	The total number of unduplicated borrowers counted in the numerator of the Direct Loan Program
96	103	8	Numeric	Individual Program Tally	The total number of unduplicated borrowers counted in the denominator of the Direct Loan Program

Position from	Position to	Field Length	Field Format	Name	Description Field Content
104	135	32	Numeric	Filler	Filler
136	136	1	Character	Appealed Rate Flag	Identifies if the cohort default rate has been revised due to an appeal
137	146	10	Numeric	Dual Total Dollars in Default	Total dollars in default. The FFEL Program and Direct Loan Program entries within this field indicate the total dollar volume of defaulted loans included in the cohort default rate calculation.
147	156	10	Numeric	Dual Total Dollars in Repayment	Total dollars in repayment. The FFEL Program and Direct Loan Program entries within this field indicate the total dollar volume for loans that have entered into repayment during the cohort period in question.
157	166	10	Numeric	FFEL Total Dollars in Default	Dollars in default on FFEL Program
167	176	10	Numeric	FFEL Total Dollars in Repayment	Dollars in repayment on FFEL Program
177	186	10	Numeric	Direct Total Dollars in Default	Dollars in default on Direct Loan Program
187	196	10	Numeric	Direct Total Dollars in Repayment	Dollars in repayment on Direct Loan Program
197	206	10	Numeric	Total Insurance Claim Payments	Identifies the total dollar amount for insurance claim payments
207	320	114	Character	Filler	Filler
321	324	4	Date	Trailer Sort Cohort Year	Identifies the cohort year, format is CCYY.
325	335	11	Character	Filler	Filler

Appendix C

Message Classes

for Electronic Loan Record Detail Reports

A Title IV WAN message class is a filename that the U.S. Department of Education (Department) uses to distribute data over the Title IV WAN network.

At the time this Guide was sent to print, it was unclear if the Department would be able to provide electronic loan record detail reports for cohort default rates other than fiscal years (FY) 1998 and FY 1999. However, if the Department is able to provide electronic loan record detail reports for cohort default rates other than FY 1998 and FY 1999, this appendix outlines the message classes associated with those cohort default rates that will be made available.

The message classes for the electronic loan record detail reports consist of eight digits.

- ◆ The first digit identifies whether the data contained in the file are draft or official cohort default rate data (i.e., D or O).
- ◆ The second and third digits indicate that the file contains default rates (i.e., DR).
- ◆ The fourth digit indicates whether the file is an extract or report (i.e., E or R).
- ◆ The fifth and sixth digits identify the fiscal year associated with the cohort default rate data contained in the file (e.g., 99).
- ◆ The seventh and eighth digits are always OP.



For information on requesting an electronic loan detail report please refer to the "Electronic Loan Record Detail Report" section beginning on page 57.

The message classes are sorted in numerical and alphabetical order.

Numerical order by cohort year

Message Class	Cohort Year	Draft or Official Cohort Default Rate	Extract or Report	Message Class	Cohort Year	Draft or Official Cohort Default Rate	Extract or Report
DDRE99OP	1999	Draft	Extract	DDRR96OP	1996	Draft	Report
DDRR99OP	1999	Draft	Report	ODRE95OP	1995	Official	Extract
ODRE98OP	1998	Official	Extract	ODRR95OP	1995	Official	Report
ODRR98OP	1998	Official	Report	DDRE95OP	1995	Draft	Extract
DDRE98OP	1998	Draft	Extract	DDRR95OP	1995	Draft	Report
DDRR98OP	1998	Draft	Report	ODRE94OP	1994	Official	Extract
ODRE97OP	1997	Official	Extract	ODRR94OP	1994	Official	Report
ODRR97OP	1997	Official	Report	DDRE94OP	1994	Draft	Extract
DDRE97OP	1997	Draft	Extract	DDRR94OP	1994	Draft	Report
DDRR97OP	1997	Draft	Report	ODRE93OP	1993	Official	Extract
ODRE96OP	1996	Official	Extract	ODRR93OP	1993	Official	Report
ODRR96OP	1996	Official	Report	DDRE93OP	1993	Draft	Extract
DDRE96OP	1996	Draft	Extract	DDRR93OP	1993	Draft	Report

Alphabetical order by message class

Message Class	Cohort Year	Draft or Official Cohort Default Rate	Extract or Report	Message Class	Cohort Year	Draft or Official Cohort Default Rate	Extract or Report
DDRE93OP	1993	Draft	Extract	DDRR99OP	1999	Draft	Report
DDRR93OP	1993	Draft	Report	ODRE93OP	1993	Official	Extract
DDRE94OP	1994	Draft	Extract	ODRR93OP	1993	Official	Report
DDRR94OP	1994	Draft	Report	ODRE94OP	1994	Official	Extract
DDRE95OP	1995	Draft	Extract	ODRR94OP	1994	Official	Report
DDRR95OP	1995	Draft	Report	ODRE95OP	1995	Official	Extract
DDRE96OP	1996	Draft	Extract	ODRR95OP	1995	Official	Report
DDRR96OP	1996	Draft	Report	ODRE96OP	1996	Official	Extract
DDRE97OP	1997	Draft	Extract	ODRR96OP	1996	Official	Report
DDRR97OP	1997	Draft	Report	ODRE97OP	1997	Official	Extract
DDRE98OP	1998	Draft	Extract	ODRR97OP	1997	Official	Report
DDRR98OP	1998	Draft	Report	ODRE98OP	1998	Official	Extract
DDRE99OP	1999	Draft	Extract	ODRR98OP	1998	Official	Report

Appendix D

User Comments on the FY 1999 Draft Cohort Default Rate Guide



Please TYPE or PRINT the following. The Department may contact you for further clarification on your comments.

Organization Name: _____

School OPE-ID # (if applicable): _____

Organization Mailing Address: _____

Person completing this form: _____

Telephone number: (____) _____

Was the *Guide* easy to read and understand? ☐ YES ☐ NO

Did you like the separation of challenge information from general cohort default rate information? ☐ YES ☐ NO

Did this format make it easier for your school or entity to prepare its challenge OR response? ☐ YES ☐ NO

Were the instructions and spreadsheets easy to follow and understand? ☐ YES ☐ NO

Are there issues that were not discussed in the *Guide* that you would like to see in future editions? ☐ YES ☐ NO

General comments

If sent by overnight mail send your comments to

U.S. Department of Education
Default Management Office
Attn: Guide Comments
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024

If sent by U.S. Postal Service, send your comments to

U.S. Department of Education
Default Management Office
Attn: Guide Comments
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353



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